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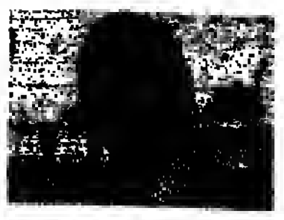
FINANCIAL TIMES



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Gaullism rejuvenated
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A system in trouble
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TOMORROW'S
Weekend FT
Royalty – the family firms

World Business Newspaper FRIDAY APRIL 19 1996

17 Greek tourists and an Egyptian murdered in Cairo

Gunmen thought to be Moslem militants killed 17 Greek tourists and an Egyptian man in an attack outside Cairo's Europa hotel. Fifteen others were wounded. There was no immediate claim of responsibility but the gunmen are thought to be members of the Gama'a al-Islamiya, a group of militants who have killed 25 people and wounded 73 others, mostly tourists, in the last four years. Page 4

Moscow to buy back shares: Russian prime minister Victor Chernomyrdin announced a government plan to buy back shares in some of the country's most valuable companies, which were privatised last autumn. Mr Chernomyrdin insisted the government was not backing down. Page 14

Tokyo reports trade surplus drop: Japan reported a 27 per cent fall in its trade surplus with the US for the year to March – showing for the first time that it sold more to Asia than the US and Europe combined. Page 14

Peugeot-Citroën, the French car group, recorded a 45 per cent decline in 1995 net profits to FFr1.7bn ($332m). Page 16; Renault bucks trend, Page 5; Lex, Page 14

MEPs ease pricing change burden: The European Parliament voted for a six-year grace period for businesses to implement the marking of prices per unit of measurement, such as weight or volume. Page 14

Belgium agrees deal on jobs: Belgium's government, employers and unions announced a deal aimed at halving unemployment. Page 2

Japanese property chief arrested: Kenichi Sueno, president of a Japanese property developer which is one of the largest debtors of the country's bankrupt housing loan companies, was arrested on charges of submitting false information on paper companies he allegedly created to transfer borrowings and to evade taxes. Page 6

BA signs deal with America West: British Airways announced a "code sharing" agreement with America West Airlines, enabling the two to sell seats on each other's flights. However the deal could be blocked by the US. Page 15

Turkey appoints central banker: A new central bank governor was finally appointed in Turkey, but the choice has not ended feuding over economic policy. Page 3

Aker shares jumped on news that the chief executive of the Norwegian offshore engineering and cement group is to resign over differences in strategy. Page 15

Electricité de France, the French energy group, and Sydkraft, Sweden's second-largest power supplier, both purchased major stakes in Graninge, the Swedish power utility. Page 15

MSF urges end to abuse in Chechnya

Russian president Boris Yeltsin was campaigning for re-election in Budennovsk (above), just outside Chechnya, as Medecins Sans Frontieres, the medical aid group, delivered a political embarrassment by calling on the G7 leaders who are meeting in Moscow to pressure their Russian hosts to end flagrant human rights abuses in the breakaway republic. Mr Yeltsin pledged to crush "terrorism" there with a mixture of talk and force. Page 3

HK civil servants reassured: China's top official on Hong Kong affairs said the 180,000 civil servants should remain politically neutral, reducing fears that failure to support the provisional legislature would cost them their jobs. Page 6

Long wait for telecoms deal approval: It could take up to a year after any merger between British Telecommunications and Cable and Wireless to persuade Beijing to give the deal its approval. Page 15; Tread carefully, Page 18

Milk shortage in Vienna: A fault in the new computer software of Vienna's main distributor of dairy products caused a severe milk shortage in the Austrian capital this week. Page 2

STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	5,554.89	(+5.06)
NASDAQ Composite	1,133.37	(+12.50)
Europe and Far East		
CAC40	2,085.96	(+10.84)
DAX	2,535.52	(+11.34)
FT-SE 100	3,828.7	(+15.1)
Nikkei	21,812.50	(-3.72)

US LUNCHTIME RATES

Federal Funds	5¼%
3-mth Treas Bills: Yld	4.988%
Long Bond	89[illegible]
Yield	6.839%

OTHER RATES

UK: 3-mo Interbank	6%	(same)
UK: 10 yr Gilt	95[illegible]	(95[illegible])
France: 10 yr OAT	105.16	(104.79)
Germany: 10 yr Bund	96.74	(96.72)
Japan: 10 yr JGB	97.741	(97.495)

NORTH SEA OIL (Argus)

Brent Dated	$19.24	(20.06)

GOLD

New York: Comex		
(Jun)	$392.4	(393.0)
London:		
close	$391.2	(391.45)

DOLLAR

New York lunchtime		
£	1.52	
DM	1.50055	
FFr	5.0925	
SFr	1.216	
Y	106.775	
London:		
£	1.5075	(1.5085)
DM	1.5121	(1.5073)
FFr	5.1288	(5.1205)
SFr	1.229	(1.2257)
Y	107.47	(108.235)

STERLING

DM	2.2795	(2.2737)
Tokyo close:	Y 108.25	

Albania	Lek220	Germany	DM4.00	Lebanon	US$1.50	Qatar	QR13.00
Austria	Sch37	Greece	Dr400	Lux	LFr75	S.Arabia	SR12
Bahrain	Din1.250	Hong Kong	HK$20	Malta	Lm0.65	Singapore	S$4.30
Belgium	BFr75	Hungary	Ft230	Morocco	MDh16	Slovak Rp	Sk65
Bulgaria	Lev[illegible]	Iceland	IKr230	Neth	Fl 4.75	S. Africa	R12.00
Croatia	[illegible]	India	Rs75	Nigeria	Naira90	Spain	Pta250
Czech Rp	[illegible]	Israel	Shk7.90	Norway	NKr20.00	Sweden	SKr20
Denmark	DKr18	Italy	L3200	Oman	OR1.50	Switz	SFr3.70
Egypt	[illegible]	Japan	Y500	Pakistan	Rs40	Syria	S£65.00
Estonia	[illegible]	Jordan	[illegible]	Poland	Zl6.50	Tunisia	Din1.750
Finland	FM15.00	Kuwait	Fils600	Portugal (mainland)		Turkey	L80,000
France	FFr11.50	Lithuania	[illegible]		Es240	UAE	Dh12.00

Bundesbank makes surprise rate cut

Half-point reduction expected to boost European growth

By Andrew Fisher in Frankfurt

The Bundesbank yesterday cut German short-term interest rates by a further half percentage point, in a move which came sooner than expected and should help stimulate economic growth throughout western Europe.

The cuts in the discount and Lombard rates – representing the floor and ceiling for money market rates – to 2.5 per cent and 4.5 per cent came a day after the International Monetary Fund called on the German central bank to do so.

Mr Theo Waigel, the German finance minister, welcomed the cuts as supporting the government's efforts to stimulate economic growth. Mr Günter Rexrodt, economics minister, said the move supported Bonn's plans to cut public spending and also recognised the trend towards lower pay settlements.

The reductions brought the discount and Lombard rates back to their record lows, last reached more than eight years ago, and many economists expect them to stay there until 1997. They came in spite of fresh indications of very high money supply growth.

The rate cut boosted German government bond prices only slightly with yields on the 10-year benchmark government bond falling from 6.46 to 6.45 per cent. German shorter-dated securities performed more strongly with yields on benchmark two-year paper falling by 12 basis points.

In heavy trading in London, bond and money market futures also gained ground, with the June three-month euromark contract settling at 96.84, up 0.08.

The cut had relatively little impact on equities trading. In Frankfurt the DAX index closed at 2,535.2, up 15.52. In the currency markets the D-Mark lost some ground against the dollar. Other countries which link their currencies to the D-Mark also cut rates. Austria, Denmark, Belgium and the Netherlands lowered key interest rates by half a point. France and Switzerland, however, kept rates unchanged.

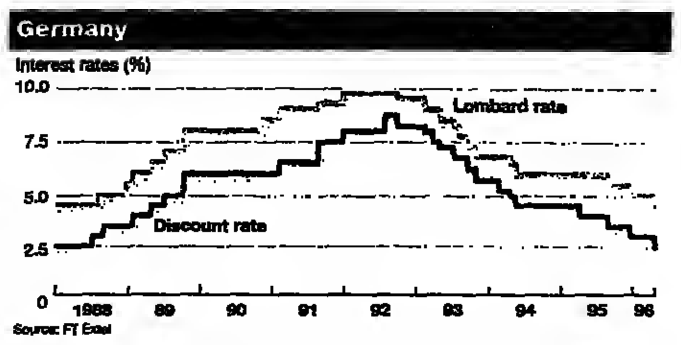
Although German rate cuts had been expected, many economists thought they would come next month. Rapid growth in the money supply and the recovery in the dollar against the D-Mark, which helps exporters, were cited as arguments against a rate cut at this stage.

Reaffirming the Bundesbank's commitment to the M3 money supply indicator as its main monetary yardstick, Mr Hans Tietmeyer, president of the Bundesbank, said recent overshooting of the 1996 target did not invalidate this. M3 was expected to grow more slowly in coming months.

The bank yesterday said M3 grew at an annualised rate of 12.2 per cent in March after 12.8 per cent in February, based on the level in the fourth quarter of 1995. This compares with a 1996 target range of 4-7 per cent. However, based on the 1994 fourth quarter level, the M3 rise was 4.6 per cent against February's 4.2 per cent.

"In our view, there are no inflationary dangers from the monetary side," Mr Tietmeyer said. The Bundesbank did not "slavishly follow" money supply data over one, two or three months, but looked at the basic longer-term trend, he said.

Pöhl warns on Emu mistakes, Page 2; Lex, Page 14; Bonds, Page 24



Peres regrets deaths of 75 civilians in UN compound as world condemnation grows

Israel vows to continue shelling Lebanon

By Julian Ozanne in Jerusalem and David Gardner in Beirut

A defiant Israel yesterday vowed to continue its devastating bombardment of Lebanon in spite of condemnation of Israel's shelling which killed at least 75 Lebanese civilians, many of them women and children, sheltering in a United Nations compound.

Mr Shimon Peres, prime minister, said he regretted Israel's shelling of the headquarters of Fijian peacekeepers in Lebanon, but put the blame on pro-Iranian Hizbollah guerrillas who had fired rockets from a position near the UN base minutes before Israel's attack.

Mr Peres, who appeared angry, said Israel was not "bloodthirsty" and it had the right to defend itself against attacks by Hizbollah. If Lebanon wanted to end the violence, he said, it should heed Israel's call and enter direct peace negotiations.

Ahead of an emergency cabinet meeting last night Mr Ehud Barak, foreign minister, said Israel was determined to continue its offensive against the guerrillas. "I estimate [it will continue for] at least a few days but it's impossible to put a limit on it. It could take a week or 10 days," he said, conceding that the incident "will intensify the criticism among world opinion".

France said it deplored the killing and wounding of Lebanese people and the wounding of Fijian peacekeepers who were headquartered at the UN compound. President Jacques Chirac and US President Bill Clinton called for an immediate ceasefire. Jordan'a King Hussein condemned the attack as "criminal".

Mr Rafiq al-Hariri, Lebanon's prime minister, said in Syria - the main power-broker in Lebanon - that he was "shocked and surprised" by Mr Peres' unrepentant reaction.

"The problem of Hizbollah cannot be resolved by force," he said, adding that the Shia militia "remains intact and many civilians have been slaughtered by Mr Peres' military machine".

The US, which had sanctioned Israel's offensive, said yesterday's attack greatly altered the dynamics of the crisis and forced Washington to consider new initiatives. Mr Dennis Ross, US special co-ordinator for the Middle East, was expected to leave for the region yesterday to prepare for a visit by Mr Warren Christopher, US secretary of state.

Mr Boutros Boutros-Ghali, UN secretary-general, aaid he "deplored and condemned in the strongest possible terms" Israel's shelling of the UN base.

Russia and Britain added their

The bodies of the refugees, many of them women and children, are covered by blankets after the Israeli shelling of the UN compound Picture: AP

Massacre at UN camp puts heat on Peres, Page 4
Continued on Page 14

Paris to announce $27bn debt refinancing

By Samer Iskandar in London

The French Treasury yesterday started a bidding process among leading banks and other financial institutions for the refinancing of FF140bn ($27.4bn) of social security debts.

The money, which represents 27 per cent of what the French state borrows in a full year, has to be raised in the next six weeks, posing a big financial challenge for the participating institutions.

The amount involved will require recourse to all available sources of finance, including the domestic and international bond markets, as well as the money markets and syndicated bank loans.

The government is expected to announce the structure of the refinancing in the first two weeks of May and simultaneously launch the first tranche of the deal, which is likely to be a French franc bond issue.

The Treasury began informal consultations earlier this year on the restructuring with around 25 French and international banks and primary dealers in French

Continued on Page 14
International bonds, Page 24

Anglo American may face charges over miners' deaths

By Mark Ashurst in Johannesburg

A judicial inquiry yesterday said Anglo American Corporation, South Africa's biggest company, should be charged with the culpable homicide of 104 miners killed in an accident at its Vaal Reef gold mine last May.

The inquiry is the first to recommend that a South African mining company be held liable for a fatal accident.

It was welcomed as "a landmark finding" by the African National Congress, the main party in the government.

The report containing the recommendation has been presented to the attorney-general of Gauteng province centred on Johannesburg, who will decide whether to initiate criminal proceedings.

On May 10 an underground locomotive plunged down a mine shaft and collided with a cage carrying the miners. Mr Justice Ramon Leon, who headed the inquiry, said the deaths were attributable to a series of events caused by negligence.

The report challenges "a perception among miners" that the industry was inherently dangerous and argues that adherence to standard safety procedures would have averted the accident.

Mr Bobby Godsell, chairman and chief executive of Anglo American's gold and uranium division, said Anglo would study the report.

"Management fully accepts its responsibility for designing and maintaining safe mines, but all employees can and must play their role in ensuring safe work practices each and every shift," he said. "We are not aware of any major difference between ourselves and organised labour on the subject of health and safety."

The inquiry found that officials at the mine conspired to withhold information about an electrical fault on the locomotive from senior management, the police and officials of the Department of Energy Affairs.

Mr Justice Leon said an electrician at the mine had known of tha condition of the locomotive and was therefore guilty of culpable homicide.

He also recommended that the mine manager be charged with negligence. "It is not sufficient (for a manager) simply to delegate authority for safety at a mine," he said.

South African gold mines are among the deepest in the world, and miners often often descend to depths of several kilometres underground.

There has been no significant improvement in the fatality rate over the last decade, despite a large fall in injury rates due to advances in underground medical care and technological progress.

in 1984, the fatality rate was 1.23 deaths per 1,000 workers, compared to 1.26 in 1995. But the overall death toll has declined as the number of gold miners working underground has fallen from 109,000 in 1984 to 53,700 in 1994, according to the government Mining Engineers Division.

CONTENTS

Bundesbank takes markets by surprise

Short-term rate reductions, while unexpected, are in line with state of economy, writes **Andrew Fisher**

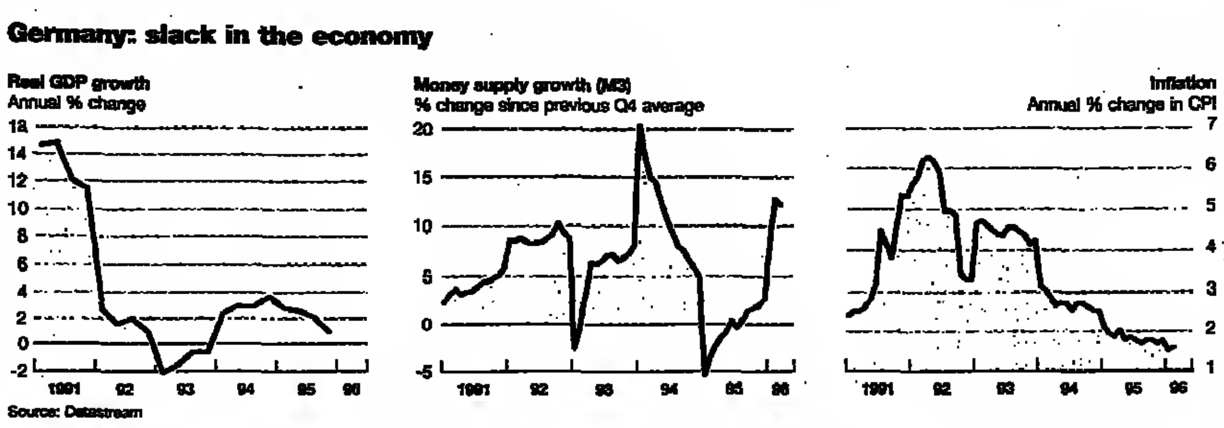
Bundesbank-watchers were caught on the hop yesterday when the German central bank decided to do what most had not expected just yet – cut short-term interest rates.

Admitting surprise that the move had come so early, Mr Stephan Rieke, economist at BHF-Bank called it "a Solomon-like decision".

The half percentage point reductions in the discount and Lombard rates – representing the effective floor and ceiling for money market rates – to 2.5 and 4.5 per cent respectively are in line with the weak economy and low inflation. They should also stiffen Bonn's resolve to cut spending and encourage moderate wage deals.

But the Bundesbank kept the securities repurchase (repo) rate at 3.30 per cent, so it still has scope to nudge money market rates down further. "This keeps interest rate expectations on a low flame," said Mr Stephan Rieke, economist at BHF-Bank.

Repos, which commercial banks use to replenish liquidity, are a key instrument for fine-tuning monetary policy. The repo rate could soon reach 3 per cent or lower, economists said.



The discount and Lombard rates last fell to their new levels in December, 1987. Because they are not expected to rise again for some time, the bond market's reaction was muted. Mr Hans Tietmeyer, president of the Bundesbank, said he hoped long-term rates (which have a greater bearing on the economy than those at the short end) would ease as funds flowed out of short-term deposits.

He also stressed that the money supply trend was broadly on target when viewed over the medium term, though the past few months have seen it accelerate sharply.

M3, tbe broad monetary aggregate, has grown at double-digit percentage rates on an annualised basis each month this year compared with the target range of 4-7 per cent.

Since the Bundesbank orientates its monetary policy towards M3, this was viewed as a possible argument against rate cuts now.

Yesterday, it said M3 grew at an annualised 12.2 per cent rate in March. This was based on its level in the fourth quarter of last year. However, compared with the final quarter of 1994, M3 was up 4.6 per cent.

Both figures were above the market consensus, said Mr Julian Jessop, economist at HSBC Markets. Thus, he added: "The timing is odd insofar as the Bundesbank cut at the same time as announcing some disappointing M3 numbers."

But he dismissed the notion that its credibility might be damaged. "The economy is clearly struggling and there is no inflation threat on the horizon. A half point cut buys a little insurance against the risk that the expected economic recovery disappoints."

The Bundesbank said the rate cuts reflected Germany's low inflatioo – under 2 per cent a year – and the expectation that strong money supply growth would weaken. It said the latest M3 data overstated the money supply trend. Monetary capital formation (the movement of funds into longer-term securities outside M3) was weaker in March as portfolio managers awaited more settled bond market conditions. On the other hand, credit growth should ease, Mr Tietmeyer said.

But the Bundesbank was clearly also looking beyond M3 – to the slack economy, governmeot efforts to cot spending and social security costs, and signs of more moderate wage settlements.

Interviewed by the Financial Times last week, Mr Tietmeyer said: "There are signs that wage bargainers are prepared to reach not just lower wage settlements but more flexible settlements. If that continues, it will be of great importance for investment decisions."

He also referred to the growing burden of social security contributions. If these could now be reduced, "that also would be of great importance for investment decisions and employment". Yesterday, he said the rate cuts had not been made with an eye on Bonn. But Mr Klaus Friedrich, economist at Dresdner Bank, described them as "an advance move by the Bundesbank in view of the government's expected decisions on budget savings".

Seeing the Bundesbank's decision in the same light, Mr Günter Rexrodt, economics minister, welcomed the rate cuts as providing more scope for non-inflationary growth and said they "honoured the government's efforts to consolidate the budget and the positive signals from wage deals in important sectors". What now remains to be seen is whether politicians respond effectively and low pay deals in the chemical, building and other sectors are followed elsewhere.

Belgium draws up national deal on jobs

By Neil Buckley in Brussels

Belgium's governmeot, employers and trade unions yesterday unveiled a "contract for the future" aimed at halving unemployment by the early years of the next century.

Mr Jean-Luc Dehaene, the Flemish Christian Democrat prime minister, brokered the deal with the two sides of industry. Belgium's jobless rate – 14 per cent by its own measure – is one of the highest in the European Union.

The deal was reached early yesterday after 16 hours of talks, the culmination of two months of meetings, and must now be agreed by the boards of unions and employer organisations.

Main points include agreement to keep wage growth in line with that in neighbouring countries in return for job creation measures, a phased reduction in the crippling social costs borne by Belgian employers, and moves to "redistribute" work and eocourage part-time working.

The agreemeot re-emphasises Belgium's determination to be in the vanguard of countries moving to a single European currency.

It says monetary union is essential to the "durable convergence" of European ecooomies, which will itself reduce unemployment.

The Belgian "contract" was inspired both by the call by Mr Jacques Santer, European Commission president, for a Europe-wide employment pact, and by neighbouring Germany's efforts to create a tripartite "alliance for jobs".

Mr Dehaeoe seemed uncoocerned by the limited success of the experiment in Germany, arguing that Belgium had specific problems. If these were tackled, that could "release the brakes" on employment growth.

A central element of the plan is creation of a "mechanism" to ensure that, when a three-year wage freeze expires in Belgium this year, pay rises do not exceed the average in France, Germany and the Netherlands.

Unions agreed to this in return for promises of job creation by employers, with competitiveness to be ensured "not just by increasing productivity to the detriment of employment". But no target numbers are specified.

The government is anxious to have the wage mechanism in place by summer, before facing a tough budget round to ensure it reduces the 1997 budget deficit to 3 per cent of gross domestic product – a condition for monetary union.

Belgium hoped to reach the target this year, but slowing economic growth may prevent that.

Employers' social security contributions, among the highest in Europe, are also to be reduced over five or six years to bring them in line with neighbouring states.

While the cootract is vague on bow the resulting revenue loss would be recouped, Mr Dehaene said jobs created by the programme would eventually offset the costs.

Other plans include reduction in the working week to 39 bours in sectors still working 40 bours; encouragement of part-time work through new work patterns and improved rights for part-timers; improved training; measures to encourage investment, especially in small businesses; and efforts to curb the "black economy".

Belgium's premier Jean-Luc Dehaene pictured at a news conference in Brussels to announce the deal worked out early yesterday after 16 hours of talks Reuter

Computer deprives Vienna of its milk

By Eric Frey in Vienna

A fault in the new computer software of Vienna's main distributor of dairy products caused a severe milk shortage in the Austrian capital this week.

Many shelves in supermarkets and grocery stores remained ampty as Milchfrisch, which distributes 90 per cent of milk products in the city, tried to resolve the problem. On an average day, 700 tons of goods are delivered and sold in Vienna.

Schools and bospitals struggled to obtain essential supplies. Some entrepreneurs bought milk in the suburbs, where no disruptions were reported, and sold it in the city at a good profit.

The supply of milk improved yesterday, but the company said it expected some disruptions until the end of the week.

The problems started wben Milchfrisch, a joint veoture by a number of dairy producers whicb are owned by agricultural co-operatives, moved to new premises last weekend. At the same time as it moved, it decided to switch to a computerised order system.

Managing director Mr Franz Haiden said the company had selected this week for the cbangeover because demand for milk usually declined after Easter.

But retailers ordered 30 per cent more milk than predicted, overloading the new system. Discontent among employees over the company's relocation bad also contributed to the problems.

Milchfrisch claimed that supply levels were back to 80 per cent by mid-week, but many shoppers still faced empty shelves when they went hunting for milk.

Dairy producers were still delivering milk to the Milchfrisch headquarters – the company said its stock had not turned sour yet.

Milchfrisch has come in for severe public criticism. Industry experts said the root of the problem isy in the lack of competition in dairy distribution. Dairy managers suggested a return to the less ceotralised structure which existed in the capital before Milchfrisch was set up.

In recent years, leading Austrian dairy companies bave combined tbeir logistics and marketing activities to cut costs.

Former Bundesbank chief sees higher rates until confidence in euro is established

Pöhl cautions on cost of Emu 'mistakes'

By Peter Norman in Bonn

Member countries of the planned Europeao economic and monetary union may have to live with higher interest rates in Emu's initial stages until confidence in the euro, the European single curreocy, is established, Mr Karl Otto Pöhl, former head of the Bundesbank, said yesterday.

In the annual report of Sal Oppenheim Junior, the private bank he now chairs, Mr Pöhl warned that "even minor mistakes in the preparatory stages" of Emu could lead to massive capital movemeots and portfolio switching – with incalculable consequences for exchange and interest rates and price stability.

Mr Jacques Delors, the former president of the European Commission, has added his voice to calls for a flexible interpretation of the criteria by which countries will be admitted to the European economic and monetary union, writes Bruce Clark.

However, Mr Delors, who set the European Unioo oo the track towards closer integratioo, said there could be no question of openly changing the criteria, which set limits oo the deficits and public debt run by Emu members.

In an interview with Belgian television's first channel, he said that it would be "counter-productive" to state as of now that the criteria would be relaxed. In that eveot, he said, "I fear that everyone would let themselves go, and we would oever reach the point.... of having a currency which enjoyed real demand in the world."

He added, however: "When one reads the [Maastricht] treaty carefully, ooe sees that it allows for a nuanced interpretation, in the economic circumstances which will exist in 1997 and 1998.... We must read with great care a treaty which was cleverly drawn np, and which leaves leaves a margin for jodgments of a political nature by the whole group of countries which want to join Emu."

However, he said a strong independent central bank, as envisaged in the Maastricht treaty, could prevent opsets and ensure the euro was "at least as hard as the D-Mark".

Mr Pöhl, as Bundesbank presideot and chairman of the committee of EU central bank governors, played a key role in negotiating the statute of the European system of central banks (ESCB) that was later incorporated in the Maastricht treaty.

In his preface to the Sal Oppenheim report, he said the statute was in some respects "even clearer and better" than the Bundesbank law.

The statute defined the ESCB's primary objective "crisply and concisely" as "to maintain price stability". It also said the European central bank's policy should be to "act in accordance with the principle of an open market economy with free competitioo".

This, Mr Pöhl commeoted, "makes the imposition of dirigiste foreign exchange controls or leoding quotas by national governments practically impossible, or at least far more difficult". He added: "Hopefully this clause will never be needed, but in certain circumstances it could still prove useful".

Mr Pöhl was relatively relaxed about one of the key issues of European monetary diplomacy – the "ins" and "outs" debate over the relatioosbip between future members of Emu and non-participants. He acknowledged German business was concerned tbat countries outside Emu could abuse their exchange rate freedom for competitive devaluations and that movemeots in some exchange rates since 1992 (he refrained from mentioning the Italian lira and UK pound) "lend some credence to these fears".

Bnt he said there was another "more likely" scenario, where monetary policy in the economic ceotre of Europe would "exercise a strong magnetism oo the exchange rates and monetary policies of neighbouring countries" in the same way that the D-Mark and Bundesbank policy had influeoced exchange rates and eveots in the Netherlands, Belgium, Denmark and Austria.

"In other words," he said, "there could very soon be a 'euro-zone', the core of which will exert all the more attraction the more it succeeds in building up the confidence of investors in the new currency with the unfamiliar name."

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Yves Rocher told to stop bank attacks

By Andrew Jack in Paris

A French court has ordered Mr Yves Rocher, founder of the cosmetics group which bears his name, to stop a highly unusual attack oo his former bankers which it has judged defamatory.

The action follows an unprecedented public campaign by Mr Rocher against Banque Nationale de Paris (BNP) and its merchant banking arm Banexi in connection with his group's purchase in 1988 of Petit Bateau, an underwear manufacturer tbat be soon discovered to be in extreme financial difficulty.

Over the past few weeks, Mr Rocher bas circulated thousands of copies of his claims to businesses and individuals across France, attacking the banking group and whipping up bostility towards bankers in general by small businesses.

His criticisms come at a time of a generally negative sentiment towards banks. President Jacques Chirac during a recent visit to Singapore argued in a widely reported response to a question that French banks were providing inadequate support to small business.

Mr Rocher paid for announcements in newspapers encouraging people to consult full details of his allegations on the Internet computer network.

The case raises questions about potential conflicts of interest, given that BNP or Banexi were simultaneously principal lender, shareholder and board member of Petit Bateau, which they belped sell to Yves Rocher.

The company afterwards turned out to be close to bankrnptcy, despite reportad accounts in 1987 sbowing it close to break-even. Mr Rocher at the time organised a demonstration by his employees outaide BNP's offices, and has since launched legal action.

However, Judge Alain Lacabarats, vice-president of tbe tribunal de grande instance of Paris, this week ordered that anyone with responsibility for spreading the latest allegations made by Mr Rocher io any form ahould cease to do so immediately.

Mr Micbel Pébereau, who took over as chairman of BNP after the affair, has recently expressed puzzlement at Mr Rocber's decision to relaunch a campaign against the bank.

Speaking at a press conference to annonnce BNP's results last month, he stressed that an independent arbitration had resolved tha affair with a ruling in 1991.

He added that Mr Rocher's son had snbsequently approacbed him to suggest that the two companies could in the future co-operate again. Since that time, the son has died unexpectedly, and Mr Rocher's campaign restarted.

EUROPEAN NEWS DIGEST

Go-ahead for German train

The German parliament yesterday decided that plans to build a 450kph magnetic levitation train between Berlin and Hamburg should press ahead despite warnings that there would be a massive cost overshoot on the controversial DM8.9bn ($6bn) project.

Earlier this year the federal audit court had warned there would be unspecified overruns on the project and urged the government to undertake further studies. However, the budget committee of the Bundestag, the lower house of parliament, which had withheld its approval of the project last month, said the project should be continued after the finance ministry had presented a report dismissing risks of cost overruns.

Social Democrat politicians, who either control or have a say in two of the states which the proposed Transrapid will cross, have so far opposed the project because of its costs. They also argue that a normal high speed railway line would be just as quick. *Michael Lindemann, Bonn*

Athens in airspace protest

Greece is to lodge a protest with Turkey over alleged violations of its airspace in the Aegean sea, scene of recent disputes between the two Nato allies, the foreign ministry said yesterday.

Greek newspapers reported that the violations occurred on Wednesday near the disputed eastern Aegean islets of Imia, known in Turkey as Kardak, after two Greek American tourists visited the deserted rocky outcrops to lay a wreath. Government officials played down the incident and denied reports that the Greek coastguard had rushed to remove a Greek and an American flag hoisted on the islet by the visitors. *Reuter, Athens*

Schengen group expands

The number of European countries permitting passport-free travel between them is set to increase after five Scandinavian countries were admitted yesterday as observer members of the Schengen group. Meeting in The Hague, the existing Schengen countries gave three European Union members – Denmark, Finland and Sweden – observer status, along with non-EU Norway and Iceland.

The five Nordic countries already operate a passport union among themselves. They will now be permitted to attend all meetings of the 10 signatory countries of the Schengen Convention. Only seven of the 10 original signatories have fully implemented passport-free travel, but the three Scandinavian countries in the EU are expected to join them soon as full members.

There were also signs of a solution to a row between France and the Netherlands over the liberal Dutch attitude to drugs, which has hindered implementation of the convention. Mr Michel Barnier, France's European Affairs minister, said France was discussing setting up "flying squads" of customs guards along borders with Luxembourg and Belgium, to stem the flow of drugs finding their way into France from the Netherlands. *Neil Buckley, Brussels and Agencies*

Strike hits Air France

Air France Europe, part of the Air France group, said it cancelled half its flights yesterday and would do the same today because of a 48-hour strike. The airline said the cancellation of about 275 international and domestic flights was forced by a stoppage called by all six pilots' and mechanics' unions.

The USPNT union called the strike in protest at what it called a "policy of subcontracting", pointing to a rise to 35 per cent from 10 per cent in the number of leased aircraft and crews used for Air France Europe flights over the past 10 years. The union has said that, since 1990, crew numbers have fallen 20 per cent.

Mr Christian Blanc, Air France chairman, has said he was willing to negotiate with the pilots. He wants to bring the two airlines together and cut costs as part of his plan to bring the whole group back to breakeven next year. *Reuter, Paris*

● Lufthansa, the German airline, said 50 per cent of its scheduled passenger flights from Düsseldorf airport were running again as of yesterday. Services were hit by a fire at the airport last week which killed 16 people, and flights were diverted to Cologne/Bonn airport. *Reuter, Frankfurt*

Threat to state coalition

The future of the governing coalition of the east German state of Mecklenburg-Vorpommern is in jeopardy after the Social Democratic party, the junior coalition partner, called for the resignation of finance minister Mrs Bärbel Kleedehn, a Christian Democrat, following claims they were not consulted over a state rescue package for shipyards.

Mr Harald Ringstorff, the SDP leader, said the resignation of Mrs Kleedehn was "the condition for the continuation of the coalition". If Mrs Kleedehn did not resign the SPD said it would convene an extraordinary party meeting early next week to consider withdrawing from the CDU-led government. The CDU rejected the resignation demand.

The dispute centres on a DM1bn ($600m) financing package agreed earlier this month by Mrs Kleedehn and the federal government for shipyards belonging to Bremer Vulkan, the west German shipbuilding group, which in February sought protection from its creditors. Mecklenburg-Vorpommern is to provide DM350m. *Frederick Studemann, Berlin*

Gdansk wins orders respite

Poland's Gdansk shipyard, which faces the prospect of bankruptcy and the loss of 7,000 jobs, has won financial relief from shipowners with orders at the yard who have agreed not to collect penalty payments worth $19m on delayed vessels.

The owners have also agreed to have the Gdansk yard, whose debt reached 417.5m zlotys ($161m) at the end of last year, make savings on equipping the vessels without lowering their price. This concession is worth up to $1m on each of the 21 ships to be built at the yard. The original contracts, given delivery delays, rising costs and a relatively strong zloty, have merely been generating losses.

The privatisation ministry, citing "low interest by potential investors", extended until the end of this month a tender deadline for bidders for a strategic stake in the yard which was due to expire yesterday. The management at Gdansk, which is still majority state-owned, says the shipowners' concessions have cleared the way for the government to grant the subsidies the yard needs to finance a restructuring programme. *Christopher Bobinski, Warsaw*

Polish drive on inflation

Poland's government has pledged to bring inflation down to between an annual 6 per cent and 7 per cent by the end of the century from this year's 17 per cent in a plan which should enable the country to meet the European Union's entry requirements, Mr Grzegorz Kolodko, the finance minister, has said.

The plan also assumes lower personal income tax rates beginning next year as well as a cut in the budget deficit from last year's 2.8 per cent of GDP to 1.7 per cent of GDP in the year 2000. Mr Kolodko added that he wanted to bring the present 40 per cent rate of corporate tax down to 32 per cent within five years. The government also wanted capital gains earned on the Warsaw stock exchange to stay tax-free for the next five years, he said.

The projections assume that Poland's economy will grow by over 5 per cent annually in this period while the rate of unemployment would fall from 14.9 per cent last year to between 9.4 and 10.2 per cent in 2000.

Mr Kolodko sees continued export growth as well as rising investment spending and housing development spurring Poland's economic expansion while greater productivity and improved tax collection rates will provide the extra revenues to enable the government to cut taxes while lowering budget deficits. *Christopher Bobinski*

NEWS: EUROPE

G7 urged to press Yeltsin on Chechnya

By Chrystia Freeland in Moscow

On the eve of a prestigious international summit, the war in Chechnya yesterday delivered two fresh political embarrassmeots for Russian President Boris Yeltsin.

The first was a call by Médécins Sans Frontières, the respected international medical aid group, to the Group of Seven leaders who will meet in Moscow today and tomorrow to press their Russian hosts to end flagrant human rights abuses in Chechnya.

Mr Yeltsin is hoping to use the two-day meeting on nuclear issues as a platform for raising his domestic profile ahead of June 16 presidential elections, but the aid organisation'e appeal could hinder his plans.

In a statement issued yesterday, Médécins Sans Frontières urged the western leaders convening in Moscow "to put pressure on the Russian government to stop gross and systematic targeting of civilians and violations of bumanitarian law in Chechnya".

The group's report included documented allegatione of organised human rights abuses by the Russian military in the breakaway region. Theee included indiscriminate shooting at civilians, including women, the elderly and children; requiring civilians to pay a fee to flee villages which have been targeted for Russian bombardment (the price is reported to be about $10,000-$12,000 for two to three hours' passage); and extensive looting of civilian homes by Russian troops.

The allegations coincided with new information abont Russian losses at the hands of Chechen rebels. A military spokesman told the Russian news agency Interfax that 53 Russian troops were killed in an ambush by Chechen fighters earlier this week.

The casualty figure was double the initially reported death toll of 26, making the incident one of the most costly in terms of Russian losses since last summer. Russian officials said another 52 soldiers had been wounded in the attack.

Last mootb Mr Yeltsin announced a plan to end the 16-month war in Chechnya, which has claimed up to 40,000 lives. However, the outbreak in fighting this week suggests his proposal has had little effect.

The president has said that the Chechen war is the biggest obstacle to his hopes for re-election.

In another effort to boost his popularity ahead of June elections, Mr Yeltsin has ordered the Russian government to impose from July 1 import quotas on a range of foods, writes Chrystia Freeland.

Mr Alexander Zaveryukha, the acting agriculture minister, said yesterday that the president had signed an order requiring the government to develop a system of import quotas on foods ranging from meat and poultry to milk.

Russia's agricultural sector, which has been hard hit by the transition to a market economy, is a powerful advocate of restrictions on imported foods. During a campaign tour of Russia's agricultural south this week, Mr Yeltsin promised to impose quotas.

Earlier this year Moscow caused a temporarily chill in US-Russian relations when it stopped issuing licences to US frozen poultry exporters. After forceful lobbying from the White House, Russia rescinded the ban, but Russian officials warned that this week's initiative could be more serious.

NATO CHIEF REJECTS RUSSIAN VETO RIGHT

Mr Javier Solana, Nato secretary-geoeral in Warsaw on his trip through the central European and Baltic states, implicitly denied yesterday that Russia had a right to veto any decision on inviting Poland to join the alliance, writes Christopher Bobinski in Warsaw.

He stopped short, however, of giving any commitmeots on a timetable for membership for the Poles.

"Europe's divisions cannot be fully healed as long as the idea that every country is free to chose its future is not fully accepted," he said, adding that "free choice of alignment must be the very basis on which any post-Yalta Europe must be built".

However, he said a dialogue would be conducted this year on "getting Poland as close as possible to Nato" and stressed that "Nato enlargement will happen".

Mr Solana, who travelled on to Prague yesterday, also rejected Russian suggestions that the central European countries conld only join Nato's political, and not military, structures.

"Those who join will be full members with all the benefits and obligations that membership implies. Nato is oot interested in semi-detached members," he said.

Turkish parties compromise on bank governor

By John Barham in Ankara

Turkey finally appointed a new central bank governor yesterday, ending weeks of wrangling between the new conservative coalition government's two partners.

But the choice of Mr Gazi Erçel, a banker and former top civil servant, as a compromise figure has not ended the feuding between the two parties over economic policy or senior jobs.

Mr Mesut Yilmaz, prime minister and leader of the Motherland party, and his coalition partner Mrs Tansu Çiller, head of the True Path party, both profess the same pro-western, free market values. But deep mutual mistrust has paralysed policy-making since the government took office in March and they cannot decide who controls economic policy.

A noisy row has broken out between two ministers, each of whom claims to be Turkey's new economy overlord. Mr Ufuk Söylemez, a protégé of Mrs Çiller, claims the job despite conflicting demands by Mr Rüşdü Saracoğlu, a Motherland minister of state and an internationally respected former central banker.

Mr Söylemez has apparently won the first round by leading Turkey's delegation to the spring meeting of the World Bank and International Monetary Fund in Washington.

Few expect the appointment of Mr Erçel, 51, general manager of Tütünbank, a small Istanbul commercial bank, to change matters substantially. One fellow banker said he was a courteous and honourable man, "but he is a compromise figure.

"I don't know how strong he will be in standing up to the politicians."

The central bank is nominally independent and its governor, appointed for a five-year term, can only be removed with a unanimous vote of the cabinet. However, the job has become politicised, particularly during Mrs Çiller's 1993-95 government, when she went through four central bank governors.

Mr Yaman Törüner, the outgoing governor, resigned last autumn in stand for parliament as a True Path candidate. He is now a cabinet minister.

The government is expected soon to appoint Mr Mehmet Kaytaz, the technocratic head of the State Institute of Statistics, as a compromise treasury undersecretary, another key appointment that has remained empty since his predecessor, Ms Ayfer Yilmaz, also resigned last year to become a True Path MP and cabinet minister.

AP adds from Istanbul: Tens of thousands of civil servants went on a day-long strike yesterday, demanding more employee rights and higher wages. Their rallies hampered transport systems and limited hospital services.

Business hopes stability will be real winner

ITALIAN ELECTIONS
April 21

Italian entrepreneurs, economists and analysts of stock and bond markets do not talk much about the economic programmes of Italy's rival political alliancas. They *yearn instead* for Sunday's Italian elections to deliver the most elusive element in contemporary Italian politics: stability.

When Mr Giorgio Fossa, president-elect of Confindustria, the Italian employers' federation, this week laid out his aims for the next two years, "governability" was at the top of tbe list, an objective he broke down into "more stable governments, greater freedom of choice and control by the citizens, strong fiscal and administrative decentralisation, and the creation of e stable institutional framework for business".

Italian companies, strongly dependent on export business, are also hoping a new government will have a firm international outlook, anchored on a commitment to European monetary union. Mr Giuseppe Desantis, deputy chairman of Natuzzi, the US-quoted furniture manufacturer, says a new government will have to "give greater force to Italian entrepreneurial spirit worldwide".

The aims of Italian entrepreneurs seem clear, but the quality of economic debate in this campaign has been poor. Mr Gianni Agnelli, honorary chairman of Fiat, the automotive and industrial group, told reporters at the Confindustria *meeting earlier this week*: "Luckily, [the campaign] is ending, and we're getting closer to the vote", while Mr Marco Tronchetti Provera, chief executive of Pirelli, the cable and tyres manufacturer, said it was hardly a comfort "that all political groups have avoided concrete statements when talking about the country's future".

The run-up to the elections has also been marked by confusion about who now stands for what. The campaign started with Mr Silvio Berlusconi, leader of the centre-right Freedom Alliance and owner of one of Italy's largest private business empires, attacking his centre-left opponent, Mr Romano Prodi, for working "in the interests of big companies and big unions".

Mr Prodi, an economics professor, has also come under fire for cutting jobs, when, as chairman of Iri, the state holding company, he launched a programme of disposals and debt reduction.

Gianni Agnelli: 'getting closer to the vote'

Before the March 1994 election, many entrepreneurs from small and medium-sized businesses were cautiously optimistic about Mr Berlusconi's liberal economic agenda, which promised a reduction in the burden of tax and bureaucracy. A number of entrepreneurs actually ran for parliament with Forza Italia, his new movement.

Companies also welcomed a law introduced by the Berlusconi government, which provided tax incentives to reinvest profits and seek stock market listings.

Supporters of Mr Berlusconi claim the business community is still divided along the same lines. "The big companies probably still back the [centre-left] Olive Tree alliance, because they want as few strikes as possible," says Mr Angelo Burzi, a Turin businessman who heads the Forza Italia group in the Piedmont regional assembly.

Mr Burzi says the smallest companies are still counting on the centre-right alliance to "put pressure on the system, change laws and modify the tax system".

Bnt the evidence of Mr Berlusconi's short period in office was mixed and his old economics team has since been broken up. In this poll, Mr Giulio Tremonti, the finance minister, is again a candidate with the centre-right. Mr Lamberto Dini, the then treasury minister, has used his platform as the incumbent prime minister to launch a new party allied with the centre-left, while Mr Giancarlo Pagliarini, former budget minister, is part of the Northern League's independent challenge to both left and right.

As Mr Egidio Giuseppe Bruno, chief executive of Credito Italiano, one of Italy's largest banks, pointed out at a briefing in London this week: "There aren't great differences between the economic policies of tha two groupings, partly because during an election period everyone moves to the centre". After the elections, however, a victorious alliance could find itself under pressure from more radical elements.

The maverick Northern League quit the Berlusconi government in December 1994, and the statist influence of the right-wing National Alliance has increased since then. Meanwhile, those entrepreneurs who support Mr Prodi's campaign are worried that a slim victory would force the moderates to seek parliamentary support from the hard-liners of Reconstructed Communism (RC).

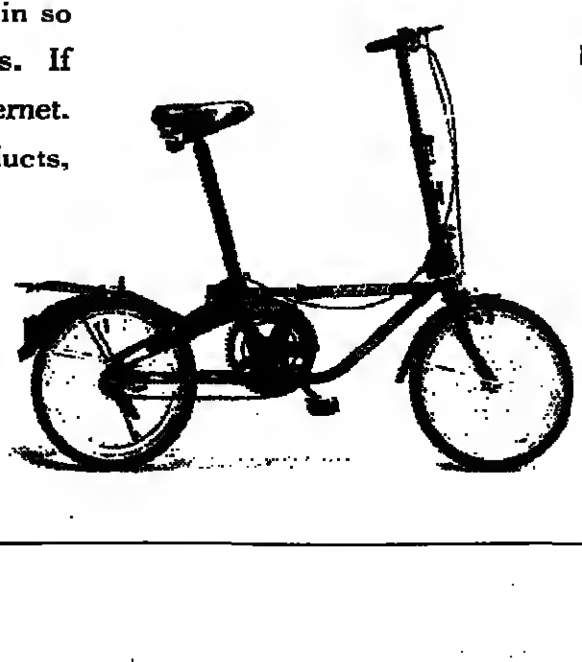
"I'm fairly realistic," says Mr Giuseppe Gemmani, chairman of SCM, a Rimini-based manufacturer of woodworking machinery, and the local savings bank. "There's a difference between what I hope and what I expect. I hope Prodi makes it without needing to rely on the RC, but the forecasts aren't pointing that way."

Andrew Hill

Iri, the indebted Italian state holding company, warned yesterday that if the Italian privatisation programme was not speeded up, the group's 1996 results would suffer, writes Andrew Hill in Milan.

In the run-up to Sunday's general election, Iri has been unable to proceed with the sale of its majority stake in Stet, the telecoms holding company. A special telecoms regulator has to be established before the long-awaited privatisation can go ahead.

Iri also said it expected to report an end to group losses in 1995, and a strong reduction in parent company losses, thanks to L1,400bn ($885.51m) raised last year from disposals.



Camdessus in plea on debt relief

By Robert Chote, Economics Editor, in Washington

Mr Michel Camdessus, the managing director of the International Monetary Fund, insisted yesterday individual creditor governments should do all they could to relieve the debt burdens of the poorest countries before calling on the IMF and World Bank to step in.

Mr Camdessus was defending a controversial joint IMF/World Bank initiative to tackle poor country debt which will be discussed by finance ministers and central bank governors at the institutions' spring meetings early next week.

The plan proposes that the Paris Club of creditor governments reduce the stock of debt and service payments owed to them by eligible countries by up to 90 per cent, compared with the 67 per cent currently available in theory under the so-called Naples terms.

The international financial institutions would then relieve the burden of debts owed to them sufficient to reduce total debt stocks and service payments to sustainable levels.

But several leading industrial countries believe that this plan puts too great a burden on them and that the IMF and World Bank should play a more central role earlier in the process.

Britain and the Netherlands, for example, have both indicated they might offer relief of up to 80 per cent in the Paris Club but have not agreed to move to 90 per cent.

However, Mr Camdessus argued it was important for the international institutions to protect their "preferred creditor status", whereby they enjoy high credit ratings and financial credibility because debts owed to them have to be repaid before debts owed to anybody else.

"I hope the Paris Club will recognise the seriousness of this problem of principle we have here," Mr Camdessus said. Otherwise the institutions might have to change their way of doing business.

Mr Camdessus added that if preferred creditor status was interpreted strictly, the Fund could not help until all other official creditors had written off all their claims. "But we are not that extremist," he said.

The relationship between the Paris Club and the multilateral institutions is one of a number of outstanding issues relating to the debt initiative detailed in a confidential memo from the Fund and Bank to the 24 ministers on the so-called "development committee", which is due to meet next Tuesday.

"There are many important aspects that need to be fleshed out," the memo says. These include the nature of the commitments required to ease the burden of debt, how these commitments might be implemented, and how the roles of the various creditors and donors should be co-ordinated.

The memo also outlines a number of a disagreements which emerged when the proposals were discussed by the executive boards of the Fund and Bank.

"Some directors have suggested, in particular, that the proposed period of policy track record required of potential beneficiaries is too long, and the achievement of debt sustainability too distant. Others have argued that the suggested phasing of relief is appropriate to ensure the fulfilment of a country's policy commitments, without which there can be no lasting solution to its debt problems".

The memo notes that it was "widely accepted that bilateral creditors will have to provide significantly enhanced relief beyond current mechanisms", but said that some directors had "questioned the extent of reduction expected from the Paris Club and other bilateral and commercial creditors".

The development committee is not expected to resolve many of these issues; the memo asks only that it approve the framework as a basis for further work and that it commission action ahead of its meeting in the autumn.

Another thorny issue is how the Fund should finance its own contribution to the initiative, a central element of which would be to put its concessional "enhanced structural adjustment facility" (ESAF) on a permanent footing.

Mr Camdessus said that he favoured selling a small part of the Fund's $40bn gold reserves, investing the proceeds and using the income. The Germans oppose gold sales on principle.

Massacre at UN camp puts heat on Peres

By Julian Ozanne in Jerusalem

Yesterday's massacre of Lebanese civilians sheltering at a United Nations compound in southern Lebanon has thrown Israel's aerial and artillery bombardment of Lebanon into crisis and piled intense domestic and international pressure on Israeli prime minister Shimon Peres.

It has also severely embarrassed the Israeli military which has tried to counter negative television images of the death and destruction it has caused in Lebanon by arguing that it only undertook precision "surgical" bombing against confirmed targets of Hizbollah guerrillas.

The US, which has backed Israel's offensive, will also be forced to take stock in the wake of yesterday's events which risk returning Israel to the role of outcast in international diplomatic circles.

Israeli commentators said yesterday's tragedy would probably break the domestic consensus supporting the offensive and lead to severe criticism of the government.

The operation has already been criticised for failing to achieve its primary military objective: to prevent Hizbollah sending rockets into Israeli border settlements.

Despite the overwhelmingly superior firepower of Israel, throughout the week Hizbollah has rained Soviet-made Katyusha rockets on northern Israel forcing 10,000 Israelis to flee.

Despite the inability of Israel's armed forces to smash Hizbollah's military capability, Mr Peres has pressed ahead with the offensive, seeking a political solution which he believed would end Hizbollah attacks once and for all. Mr Peres has been influenced by the idea that tough action would bolster his security image and therefore his popularity ahead of difficult elections next month.

But yesterday's events could now backfire on Mr Peres, giving rise to doubts about his judgment and his role as prime minister and minister of defence. Massive international condemnation of yesterday's killings could also severely limit Mr Peres' ability to forge the conclusive ceasefire agreement he wanted – the kind of agreement which would have justified the operation to the Israeli public and allowed Mr Peres to emerge as a victor.

Even before yesterday the Israeli public defied conventional wisdom and appeared little influenced by the offensive in their rating of Mr Peres. A poll on Israeli television last night was showing Mr Peres with a six point lead over opposition leader Mr Benjamin Netanyahu – unchanged from two weeks ago.

Mr Hanoch Smith, who conducted the poll for Israel's Channel One, said the surprising lack of any rally in Mr Peres' support reflected the fact that most Israelis believed the operation had so far failed.

Furthermore, although most Israelis remain deeply hostile to the Hizbollah there is a widespread feeling of discomfort about the attacks on Lebanese civilians and a bitter memory of Israel's past record in Lebanon. Already, before yesterday's massacre, some prominent left-wing Israelis had begun denouncing the operation.

All of this makes it that much more difficult for Mr Peres to continue the operation indefinitely and dictate the terms of a ceasefire. Only yesterday morning Mr Peres seemed buoyed by the offensive, touring troops in a bomber jacket and saying he was in no hurry to halt the attacks until Hizbollah had been broken and Lebanon and Syria forced to accept a new reality.

Last night, as he convened an emergency cabinet meeting, he was facing a gathering crisis desperately seeking a way to emerge unscathed from what could easily have become another Israeli misadventure in Lebanon.

The body of a baby is carried away after Israel's attack on Nabatiyeh, south Lebanon. Right, an Israeli soldier prays at Tel Aviv Reuter

Guerrilla leader claims Lebanese people are united behind Islamic group

We'll fight on, says defiant Hizbollah

By David Gardner in Beirut

Hizbollah, the Shia Moslem fundamentalist militia fighting Israel in south Lebanon, yesterday promised no let-up in its battle with Israel.

Speaking as Israeli gunners shelled a United Nations refugee shelter south-east of Tyre, killing up to 74 people and wounding more than 100, a senior official in the pro-Iranian group said Hizbollah would continue to resist the eight-day Israeli air and artillery bombardment.

Mr Mohammed Efnech, a leading Hizbollah political strategist and MP, said: "We have more volunteers than we can accommodate. We have fighters. Our forces are intact."

In an interview in the Hizbollah-dominated southern suburbs of Beirut – hit five times by Israeli raids in the first week of the conflict – Mr Efnech said: "This war will not achieve <Israeli> aims because the Lebanese people are united behind the resistance."

But he held out the prospect of a return to the US-brokered 1993 understanding under which both sides refrain from targeting civilians. "The real short-term solution is to go back to the 1993 understanding," he said. But he added that Hizbollah's fight would go on until Israel withdraws from all Lebanese territory, as required under UN Security Council resolution 425, passed after the first Israeli incursion of 1978.

"If Israel withdraws from Lebanon, Hizbollah does not have the perspective of carrying on the fight against Israel," the Hizbollah leader said.

Mr Efnech said Hizbollah was inclined to the solution put forward by France. France is advocating stronger guarantees for a 1993-style understanding. But the US and Israel have so far been pushing a formula under which Hizbollah would be disarmed. Mr Efnech said the army of Hizbollah were a question between Hizbollah and the Lebanese government. "No one else has any say in the matter." But he added: "We do not have an *a priori* position that we will always have to keep our arms against Israel."

Hizbollah has been raining inaccurate Katyusha rockets on northern Israeli villages during the Israeli onslaught, causing about 50 Israeli injuries. But Hizbollah has only lost one guerrilla while more than 100 Lebanese civilians have now died in Israeli attacks. Israel has targeted south Lebanese villages and infrastructure as far north as Beirut in an attempt to force the Lebanese government and its Syrian backers to rein in the Shi'ite militia.

Mr Efnech said Israel's proxy South Lebanese Army militia in the occupied territory was disintegrating. SLA defections are believed to have strengthened the quality of Hizbollah intelligence, enabling its fighters to pinpoint senior Israeli officers inside the zone in recent months.

Hizbollah, which emerged with Iranian backing and Syrian blessing after Israel's 1982 invasion of Lebanon, was best known in the 1980s for its devastating suicide bombings and kidnapping of foreigners. But, since the 1975-90 civil war in Lebanon ended, it has acquired wide cross-community legitimacy as a national resistance movement, with a deeply-rooted political and welfare network throughout poor Shia areas. It is the only civil war militia the Lebanese government has not disarmed and folded into its rebuilt, 53,000-strong national army, which has taken no part in the conflict.

Even before the waves of anger which coursed across Lebanon after yesterday's deaths, Hizbollah supporters were successfully collecting donations from across the country's 17 minority communities, adding to about $60m a year it receives from Iran. Mr Efnech said Christians, sworn enemies of Hizbollah during the civil war, were particularly conspicuous contributors.

Mr Fouad Saniouna, the Lebanese finance minister, observed yesterday as his staff crowded round ministry televisions, that "there hasn't been a time in the modern history of Lebanon when the people are so united as they are today."

Nigerian magistrate acquits FT reporter

By Our Foreign Staff

Paul Adams, the Financial Times correspondent in Nigeria, was acquitted in a magistrate's court in Port Harcourt yesterday on a charge of possessing a seditious document. At the hearing, the prosecution said it was discontinuing the case and the magistrate acquitted him. No evidence had been offered by the prosecution since the first hearing in January.

Mr Adams, who has been FT correspondent in Lagos for three years, was arrested on January 4 by a military task force in Ogoniland while on an assignment for the newspaper. He was detained for a week in Port Harcourt by the State Security Service, before being charged and bailed.

Militants gun down 17 Greek visitors outside Cairo hotel

Tourism reels after terror attack

By Robin Allen and Shahira Idriss in Cairo

Gunmen, thought to he Moslem militants, yesterday dealt a potentially devastating blow to Eygpt's tourist industry, sbooting dead 17 Greek tourists and an Egyptian yesterday outside a botel in Cairo's Giza district near tbe pyramids, one of Egypt's prime tourist attractions. Another 15, mostly Greek, were wounded.

The gunmeo are thought to be members of the Gama'a al-Islamiya, a group of militants who have killed 25 people and wounded 73 others, mostly tourists, in the last four years.

Most previous attacks have taken place on trains taking passengers from Cairo to Luxor, as well as on policemen in the southern provinces of Minya and Assiut.

No group has yet claimed responsibility for the attack, the most serious terrorist operation against western visitors and Egypt's tourism industry – one of the country'e main foreign exchange earner after oil – which had made a spectacular recovery both in numbers and revenue over the last 15 months following two years of decline because of operations by Islamic militants.

The massacre happened outside the Europa Hotel, which is a three-star hotel on the main road to tbe pyramids, and which caters largely to package tours from Europe.

This latest incident follows a spate of shootings by Moslem extremists from villages in Assiut and Minya provinces, 300km south of Cairo.

At the end of February the Gam'a al-Islamiya group warned it would increase operations in areas which until now had been virtually unaffected.

The Gama'a began attacking tourists in 1992 as part of its campaign to overthrow the government and set up a strict Islamic state. The group has repeatedly advised foreigners to leave the country.

In December, 1993 militants wounded eight Australians and eight Egyptians in a bus attack in Cairo's old Christian quarter, but until today there had been no fatalities in Cairo.

Late yesterday the interior ministry issued a statement blaming "terrorists"; a government enphemism refering to Moslem militants.

Traditionally the government has pointed the finger at the Moslem Brotherhood, the oldest and most influential of the Islamic political movements, which is seen as a political umbrella for activist militant.

However, Mr Mahmoun el-Hodeiby, a spokesman for the Moslem Brotherhood, said yesterday: "An incident of this kind is totally unacceptable and we condemn it."

G7 nuclear summit holds out election promise for Yeltsin

Moscow talks are about two kinds of safety, writes our Foreign Staff

Like the courtiers in Tsarist Russia who created deceptively prosperous "Potemkin Villages" to give the travelling monarch the impression that all was well in the Russian countryside, Moscow's street cleaners, sign painters and traffic police have been working overtime to prepare for an international summit meeting this weekend.

The Russian capital's careful make-over is outward evidence of the dual agenda driving the Group of Seven leading industrialised nations' summit today and tomorrow.

Officially, the G7 leaders are gathering in Moscow to improve nuclear power safety standards and to counter the threat of ouclear smuggling, especially from the impoverished former Soviet Union. To be beld just a week before the 10th anniversary of the nuclear accident at Chernobyl, the world's most devastating nuclear disaster, the summit is also expected to press for the closure of tha Charnobyl nuclear reactors at a session which will be joined by Mr Leonid Kuchma, tha Ukrainian president.

But the Kremlin is hoping that the highly technical discussions of long-term, nuclear safety issues will serve a second, more immediate purpose. Less than two months before elections on June 16 for Russia's president, Mr Boris Yeltsin is planning to use the high-powered international gathering as a glittering platform for his re-election campaign.

As his battle with Mr Gennady Zyuganov, the Communist party leader and front-runner in the presidential contest, has intensified, Mr Yeltsin has tried to convince Russian voters that putting a Communist in the Kremlin would force the country back into the impoverished isolation of the cold war era. Mr Yeltsin is expected to drive that message home over the weekend as he hob-nobs with the world'a seven most powerful leaders.

A western diplomat in Moscow said his government "accepted and understood" Mr Yeltsin's political motives, and officials in the G7 states, inclnding Germany and the US, said one of the summit's goals was to show support for the Russian president and the reform process he has spearheaded.

In the opinion of western leaders, who have showered Mr Yaltsin with political and financial support before the June ballot, averting a communist victory at the polls goes hand-in-hand with the summit's official objective: increasing international nnclear safety.

Mr Yeltsin has tried to convince Russian voters that putting a Communist in the Kremlin would force the country back into the impoverished isolation of the cold war era

One of the most pressing issues, particularly for the European members of the G7, is expected to be the planned closure of the two reactors still functioning at the Chernobyl nnclear power plant in Ukraine. Although Mr Kuchma, the Ukrainian leader, pledged last December to close down the reactors by the year 2000 in exchange for $2.3bn in grants and loans, western officials said they wanted a "reaffirmation" of that promise.

The issue is particularly important for France, whose leader, Mr Jacques Chirac, will co-chair the meeting with Mr Yeltsin. France's keen interest lies in its anxiety to avoid any repeat of the Chernobyl accident that would jeopardise its own acute dependence on atomic power, which supplies 75 per cent of the country's electricity.

Although the G7 aid pledges now total some $3bn, Kiev is pressing for another $1bn safely to shut down the stricken power plant and develop new sources of energy. Ukraine has also said it cannot begin restructuring its economy, which depends on nuclear power for 40 per cent of its energy needs, until it actually receives some of the promised western assistance.

Mr Kuchma's presence at the summit is also expected to provide G7 leaders with an opportunity delicately to offer support for Ukraine in its sometimes stormy relationship with Russia. Western governments have come to see Ukraine as a bulwark against the potential re-emergence of a neo-imperialist Moscow.

G7 governments are also expected to push Russia to agree to tougher rules on the dumping of nuclear waste at sea, a regular Russian practice until 1993. Mr Viktor Mikhailov, Russia's minister for atomic energy, said yesterday that Russia would back an international ban.

Another western concern – but one which risks offending Russian sensibilities – is finding ways to prevent nnclear smuggling. Recent reports have suggested that, because of the economic and political collapse in the wake of the dissolution of the Soviet Union, one of the world's most dire security threats is that nuclear material smuggled from the former USSR could be acquired by terrorist groups.

Facilities for prodncing weapons-grade uranium and plutonium are large and expensive, making them difficult for rogue states to hide. For that reason, buying smuggled plutonium would be a highly-desirable short cut for any country attempting to produce nuclear weapons secretly.

According to the Russian nuclear regulatory agency, uranium and plutonium suitable for nuclear weapons is stored at 900 sites around the former Soviet Union. These stores hold around 100 tonnes of plutonium and 1,200 tonnes of enriched uranium, enough for tens of thousands of nuclear weapons.

Western officials said that the conferenca participants will discuss a joint programme to prevent nuclear smuggling and there will be a first exchange of information about how to secure material where it is located. Germany will propose that plutonium derived from nuclear disarmament programmes should be protected under the safety rules of the IAEA and expects such a resolution to be a significant part of the summit.

But Russian officials, keen to be viewed as a great power, have already objected to western suggestions that nnclear security is slack in their country and the issue is expected to require delicate handling.

Although western diplomats say that, beyond the rhetoric, the summit's aims are modest, the meeting is likely to satisfy the Russian hosts.

"They want to join the club of great states and they want to be acknowledged as a normal, western country," said Mr Markov. "This step towards the creation of a G8 is an important symbolic goal."

Reporting by Chrystia Freeland in Moscow, Bernard Gray in London, Peter Norman in Bonn and David Buchan in Paris

NEWS: WORLD TRADE

Quad nations seek unity on telecoms

By William Dawkins in Tokyo and Guy de Jonquières in London

The US, Japan, Canada and the EU will seek this weekend to resolve their differences over World Trade Organisation negotiations on liberalising global telecommunications, in the hope of spurring decisive progress towards a comprehensive agreement.

Efforts by the four Quad powers to forge a common front in the WTO negotiations – now close to the deadline for completion at the end of this month – are expected to dominate a meeting of their trade ministers which begins tonight in Kobe, Japan.

Senior Quad officials met in Kobe yesterday evening to discuss one of the biggest stumbling blocks, restrictions on foreign ownership of telecommunications companies. But they were reported to have made no breakthroughs.

Canada, the most reluctant of the four powers to liberalise, continued to resist pressure to open its market wider to international competition and to lift its 46.7 per cent ceiling on foreign ownership.

Japan presented an improved WTO offer, foreshadowed in the government's deregulation package last month. The offer would scrap limits on foreign ownership of telecommunications companies, except for NTT and KDD, the main domestic and international operators.

But though officials said the US welcomed the new offer, it and the EU said they were still seeking more concessions from Japan. Washington and Brussels are also pressing each other to move further – amid signs that both may be preparing to do so.

Sir Leon Brittan, the EU's trade commissioner, is said to be cautiously confident of persuading Belgium, France and Spain to drop ownership restrictions which have been criticised by the US, though it is uncertain how quickly they will do so. Sir Leon also returned from a recent visit to Washington encouraged by US readiness to consider further liberalisation of satellite and submarine cable services and of conditions on foreign ownership of communications licences.

The US and the EU hope this weekend's meeting will achieve enough common ground to enable the Quad powers to join forces in pressing the roughly 30 other countries in the WTO negotiations to table more liberal offers.

The US and EU are also keen to make progress in Kobe towards a planned WTO agreement on free trade in information technology products. However, on other issues, the priorities of the participants in the talks differ.

Sir Leon is expected to press Washington to negotiate more constructively in the WTO on liberalising maritime services and to reiterate criticism of recent US legislation which would penalise foreign companies doing business in Cuba.

He will also call for a relatively ambitious agenda at the WTO's ministerial conference in Singapore in December and argue that it should commit itself to preparing for the launch of a new round of comprehensive trade negotiations before the end of the century.

However, his proposals are likely to receive a lukewarm response from the US, which will be represented by Ms Charlene Barshefsky in her first international engagement since she was named acting trade representative this month. She is expected to argue that the conference should be mainly a stocktaking exercise, and that new WTO initiatives should be confined to action on labour standards and corporate bribery.

Japan plans to press the US to give more support for China's early admission to the WTO. Ms Barshefsky, who has handled most recent US trade negotiations with Beijing, is expected to reiterate it is up to China to meet WTO obligations.

Renault bucks the Brazil carmaker trend

The French company is the latest to move into the market, but with a difference, writes **Haig Simonian**

By siting its new $1bn car plant in Curitiba in the southern Brazilian state of Paraná, Renault has shown originality while still following the herd, which has preferred to gather in São Paolo state to the north.

Renault is the latest in a string of motor groups planning to invest in Brazil or to expand existing operations. Before the end of the month, Mercedes-Benz is expected to reveal the location of its new car plant.

Brazil's car market has mushroomed in recent years on the back of economic growth and political stability. Production rose 27 per cent to 1.4m units last year, ranking Brazil seventh among the world's carmakers. Output should continue rising to the end of the century.

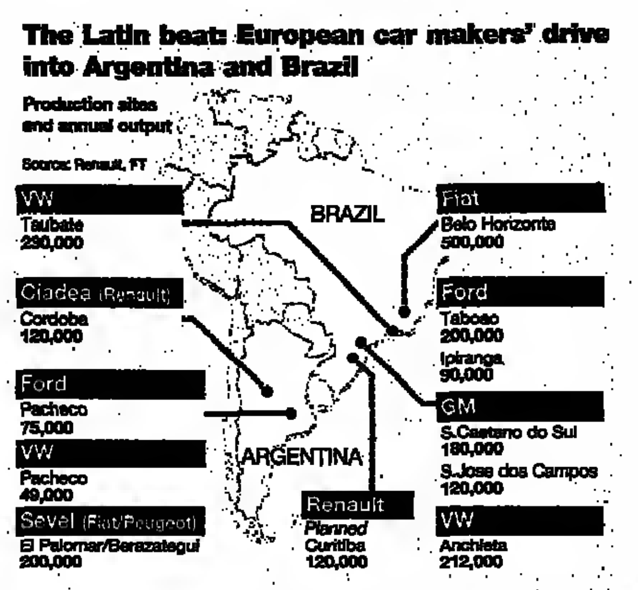
Mrs Dorothea Werneck, Brazil's ebullient trade minister, says production could approach 3m units by 2000. Few analysts share her optimism, but many believe the 2m unit barrier can be breached.

The boom has prompted carmakers to re-examine a country they once dismissed as a lost cause. Existing manufacturers, such as Volkswagen, Fiat and General Motors – Brazil's "Big Three" which account for more than 80 per cent of sales – are expanding. VW is building an engine plant at São Carlos in São Paolo state and a truck and bus facility in Rio de Janeiro state. Ford, VW's partner in the now-dissolved Autolatina joint venture, is spending about $1bn to make the Fiesta in Brazil, while GM is weighing up the idea of a new facility.

Other plants are being evaluated as the world's carmakers look for growth opportunities to compensate for the slowdown in their traditional – and now mature – home markets. Renault, which has been relatively slow to expand beyond its European base, says South America will be an essential part of its long-term goal to generate 25 per cent of sales outside Europe, compared with 15 per cent at present.

The company expects its 2,000 future Brazilian workers to produce 120,000 mid-sized Méganes a year once the new factory is running in 1999. That should help Renault, which sold more than 10,000 cars in Brazil last year, raise its market share to 8 per cent by 2005 from 0.6 per cent today.

Traditionally, however, carmakers have flocked to São Paolo because of its big and relatively affluent population and a strong industrial infrastructure. The state also boasts an established motor components industry and ample trained labour.



But São Paolo's dominance may be turning into a handicap. Mr Louis Schweitzer, Renault's chairman, says it was one of four regions shortlisted for the plant. Renault was put off, however, by a lack of suitable sites for a big facility and by São Paolo's crime record, with one murder an hour, as well as more general qualms about its quality of life.

But the main reason for rejecting São Paolo was because other states offered bigger and better deals to attract a prestige project which would create jobs and stimulate local industry.

Paraná's offer was the winner, partly because of the state government's willingness to head a consortium of local companies which would inject up to $300m in the project.

However, Mr Jaime Lerner, Paraná's governor, claims it would have been successful even without that bait.

Curitiba lies between the main markets of Argentina (with which it shares a border and where Renault has a car plant) and Brazil's big population centres of São Paolo, Rio and Belo Horizonte. With the Mercosur customs union between Brazil, Argentina, Paraguay and Uruguay now taking effect, Paraná's former isolation is turning into a blessing rather than a curse.

Curitiba also offered a good urban infrastructure and a well educated workforce. The port of Paranaguá, 60km to the south, is being expanded to take bigger ships; new roads and railways are under construction; and the city's airport should accommodate wide-bodied jets within two years.

The state's governor played a central role in winning Renault round. An architect and former three-times mayor of Curitiba, he has become a familiar figure on the international conference circuit after making his city a model for town planning and urban transportation.

Mr Lerner modestly calls Curitiba "a point of reference", rather than a "model". But whatever the terminology, the quality of life in the region was a big attraction for Renault.

Having an understanding local partner was as important. Renault has learned to value local support the hard way. Its Argentine plant suffered heavy losses in the 1980s as French bosses struggled with shifting local politics and recalcitrant unions. Only after selling out to a local entrepreneur did the factory start making money.

Paraná has used state money to attract prestige projects before. In the mid-1970s, it tempted Volvo to build a truck factory in Curitiba, with the state contributing to the $12m (out of total equity of $45m) put up by local shareholders.

Mr Karl-Erling Trogen, head of Volvo's truck division, describes Curitiba's appeal in much the same terms as Mr Schweitzer. In spite of a difficult period in the 1980s, he says Volvo has never looked back. Volvo's plant now employs 1,500 and has become the group's regional centre for south America.

But Mr Lerner is reluctant to say whether he will promise the same financial support to Mercedes-Benz and the other carmakers now eyeing up Brazil. Having netted a prestige investor like Renault, he hopes Paraná's industrial profile will start to speak for itself.

EU set to protest at US law on Cuba trade

By Frances Williams in Geneva and Bruce Clark in Brussels

The European Union is preparing to make a strong protest to Washington, and to warn of possible retaliation, over a newly adopted US law which could penalise companies dealing with Cuba.

A statement which the EU's 15 foreign ministers are expected to approve at their talks in Luxembourg on Monday will express the Union's "regret and disappointment".

The protest will sound a jarring note at a meeting which already has a packed agenda – including consultations with Mr Warren Christopher, the US secretary of state, and several Middle Eastern countries on how to combat terrorism.

The statement on Cuba will say that the EU is examining its options, such as raising the matter at the World Trade Organisation and taking counter-measures. The statement is also expected to warn of negative consequences should Congress push through legislation penalising non-US companies that trade with Iran or Libya.

The US law on trading with Cuba, promoted by the conservative Republican Senator Jesse Helms, has drawn protests from Japan, Canada and Mexico as well as the EU.

The provision entitles Cuban-Americans to sue foreign companies operating in Cuba which may be benefiting from confiscated property.

But critics have been reluctant to mount a formal challenge through the WTO's settlement procedure. This is partly because President Bill Clinton has yet to indicate whether he will seek a waiver so as to suspend the provision.

More important, experts believe a WTO challenge could fail. A provision in the original bill, which barred import of goods containing Cuban sugar and other products and was in clear violation of WTO rules, was struck out. The remaining provision – the right to sue foreign companies and deny entry to the US for executives of companies "trafficking" in expropriated property – does not obviously fall under the WTO's remit.

Vietnam prepares for private power bids

By Jeremy Grant in Hanoi

Vietnam has shortlisted three foreign consortia to advise on the bidding process for its first privately financed power project, a $220m scheme which is likely to test Hanoi's appetite for foreign investment in the power sector.

The consortia are each by K&N Engineering of the US, Lahmeyer of Germany and by Freshfields, the London-based law firm, whose team includes Barclays Bank.

The project, known as Phu My 2, Phase 2, is to be undertaken on a build-operate-transfer (BOT) basis and is part of a larger project capable of generating 900MW in the south of the country. Vietnam hopes that it will help meet soaring demand for power in and around the industrial centre of Ho Chi Minh City.

The World Bank says electricity demand in Vietnam will rise by about 14 per cent a year from 2,300MW now until the year 2000, and by 12 per cent thereafter.

It says the total investment needed in the power sector is about $6.5bn up to 2001, and that Hanoi will need to find foreign investment on top of official development assistance if these targets are to be met.

Phase 1 of the Phu My 2 scheme is being funded by a $180m World Bank loan which was approved only after Hanoi agreed to meet conditions saying that Phase 2 be completed on a BOT basis, involving competitive bidding. Phase 1 is due to start operating in December but it is unclear when Phase 2 is to be commissioned.

Vietnam agreed to these conditions last year but the issue was considered too politically sensitive and had to be approved the Communist party's 17-member politburo. The party is understood to have been concerned about accepting anything that would have implied a break with ideological commitments to subsidised electricity prices.

However important details, such as the scope of government guarantees, have yet to be worked out.

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NEWS: ASIA-PACIFIC

China eases fears of HK civil servants

By Louise Lucas in Hong Kong

China's top official on Hong Kong affairs yesterday gave a reassurance to the civil service, saying the 180,000-strong team should remain politically neutral, reducing fears among officials that failure to support Hong Kong's provisional legislature would cost them their jobs.

Mr Lu Ping, head of the Hong Kong and Macao Affairs Office, gave the reassurance to Mrs Anson Chan, who leads the civil service, late yesterday.

Confidence within the civil service has been particularly weak after a senior Chinese official said top civil servants must pledge their support to the provisional legislature, a Beijing "shadow government".

The informal mood of co-operation forged by Mrs Chan has sustained an open channel of communication between Beijing and Hong Kong. Mr Lu, who has avoided meeting Mr Chris Patten, governor of Hong Kong, has invited Mrs Chan to Beijing to continue their discussions "soon".

Mrs Chan said: "Mr Lu specifically reaffirmed the civil service should remain politically neutral and loyal, dedicated to serving the people of Hong Kong. I am sure that, like me, my civil service colleagues will find this very reassuring."

However, she said that there would be "a need to continue to be sensitive to civil service concerns". Differences over setting up the provisional legislature had thus been put aside, rather than resolved.

Earlier, Mr Patten vehemently rejected Chinese demands the colonial government should assist the provisional legislature.

Speaking during a question and answer session in the Legislative Council, Mr Patten said: "The provisional legislature has nothing to do with me. It has nothing to do with the government of Hong Kong between now and midnight on June 30, 1997."

The request was one of 10 demands put to the government by the preparatory committee, Beijing's hand-picked body working on the transfer.

While many were mere requests for information, premises and travel arrangements, demands for air-time on government-owned radio and TV raise questions and suggest the promised "one country, two systems" formula may be less distinct than Hong Kong envisaged.

Radio Television Hong Kong, while government owned, is not the mouthpiece that state-owned media are in China. The government is unlikely to erode its independence or tolerate Chinese propaganda-style bulletins. This will be subject to further discussions before the government delivers its response next week.

Anson Chan: reassured

Head of Japan property group faces charges

By Emiko Terazono in Tokyo

Japanese prosecutors yesterday arrested Mr Kenichi Sueno, president of a property developer which is one of the largest debtors of the country's bankrupt housing loan companies, on charges of submitting false information on paper companies he allegedly created to transfer borrowings and to evade taxes.

Mr Sueno, head of Sueno Kosan and other group companies which borrowed a total of Y236.7bn ($2.18bn) from the *jusen* housing loan companies, is the first *jusen* borrower to be arrested.

Dubbed the "Debt King" by the Japanese media and known for his wardrobe of 10,000 neckties and lavish house in Osaka, Mr Sueno was taken into custody as he was preparing to leave the country.

His arrest comes as the Japanese government is trying to recover from its failure to pass its Y685bn *jusen* bailout plan through parliament.

To win public approval for the plan to use taxpayers' money, the government has pledged to prosecute *jusen* officials and borrowers responsible for the housing loan companies' bad loans.

Prosecutors suspect Mr Sueno of having set up an elaborate scheme to hid money borrowed from the *jusen* and of having created more than 30 companies as affiliates of the Sueno group.

He is alleged to have funnelled funds borrowed from the *jusen* to paper companies as capital for new affiliates. Once the new companies were registered, prosecutors allege that he withdrew the capital and put it in other companies.

The arrest follows joint raids by the prosecutors' office and the Osaka Regional Taxation Bureau on Sueno Kosan and its group affiliates earlier this month for alleged tax evasion.

Tax officials allege that Sueno Kosan neglected to collect and pay Y500m in income taxes for its employees over the last three years. Mr Sueno is also suspected of failing to report about Y170m in income from his company from 1992 and 1995.

Sueno Kosan is also alleged to have been involved in a securities fraud linked to Kizu Shinyo Kumiai, a small credit union based in Osaka, which collapsed last August.

Defrosting Sino-US relations

Tony Walker previews talks aimed at stopping bad becoming worse

When Mr Warren Christopher, the US secretary of state, and Mr Qian Qichen, China's foreign minister, meet in The Hague today their main task, it seems, will be to halt a continuing downward spiral in Sino-US relations.

In Beijing, a western official said that "basically the meeting should be about trying to restore a high-level dialogue and agree to further sessions down the road". The official expressed concern about rough patches ahead over issues such as Taiwan.

Mr Kenneth Lieberthal, professor of China studies at Michigan University and specialist on the Sino-US relationship, described the encounter as "crucial" and said the two sides should work towards "stopping further erosion". "Basically," he said, "they should try to establish a floor under things."

This will not prove easy at a moment of severe mutual unhappiness over a range of issues, including arms proliferation, intellectual property rights, market access, human rights and Taiwan.

The Qian-Christopher encounter is taking place in the shadow of looming decisions by the US on sanctions over alleged Chinese transfers of technology to assist Pakistan's nuclear programme, and also on punitive measures over Beijing's perceived failure to honour a 12-month-old agreement to combat widespread intellectual property rights abuses.

Washington has deferred action on these issues pending today's meeting; but unless Mr Christopher receives satisfactory explanations on reasons for the alleged shipments of ring magnets to Pakistan, then limited sanctions may be applied, possibly targeting specifically Chinese companies involved in the exports. An alternative is to bar financing by the US Export-Import Bank of $800m worth of nuclear power deals in China.

US officials are also making it clear American patience is wearing thin on China's failure to stop rampant piracy of compact discs, video tapes and computer software. According to Mr Mickey Kantor, recently nominated as the US commerce secretary, some 34 CD factories with production capacity of 90m discs a year are involved in exports of pirate products.

Ms Charlene Barshefsky, the acting US trade representative, warned Beijing during talks earlier this month that the US would impose punitive tariffs on up to $2bn in Chinese imports unless action was taken against pirate producers and exporters. The US is also demanding China live up to commitments on opening its markets to information and entertainment products.

Adding to pressures on the administration to bring Beijing into line is the imminent decision on renewal of China's Most Favoured Nation trading status in the US. The White House faces a hard fight persuading Congress to agree to extend China's privileged low-tariff access to the US market for another year. A decision on MFN must be taken by June 4.

Comments this week strongly opposing renewal by Mr Patrick Buchanan, candidate for the Republican presidential nomination, indicate the sort of pressures on congressmen in an election year. "Do Republicans love trade more than they lose the tyranny?" he asked.

In Beijing, a US official familiar with talks on intellectual property rights abuses said the message to China in connection with the fight over MFN was that "it would be very helpful if something were done [to curb piracy] sooner rather than later".

China itself is taking the high road in comments before the Qian-Christopher meeting. Mr Shen Guofang, the foreign ministry spokesman, urged Washington this week not to create "new troubles and difficulties".

Mr Shen also denied emphatically China was involved in selling nuclear-related technology to Pakistan. "China has never sold any technology or equipment that can service the purpose of manufacturing nuclear weapons," he said.

In their fourth meeting in less than 12 months – Mr Qian and Mr Christopher last met in November in Osaka in connection with the Asia-Pacific Economic Co-operation forum – the two men will almost certainly devote considerable attention to Taiwan. Another item on the agenda is likely to be developments on the Korean peninsula.

Since their last encounter the Taiwan issue contributed to a further chill in Sino-US relations. The two sides exchanged sharp words over China's use of military exercises to intimidate voters in Taiwan's presidential elections on March 23. The US deployment of two aircraft carrier task forces – the biggest concentration in the region of US naval power since the Vietnam war – underlined the seriousness of the issue.

Mr Qian and Mr Christopher are likely to explore ways to avoid further dispute, and possibly dangerous misunderstandings, over Taiwan. Both recognise the issue poses perhaps the most serious threat to Sino-US relations and that to an extent it is not completely within their control.

"In the last 18 months, we've seen the ability of Taipei to have an impact on US foreign policy," said Mr Lieberthal, referring to a visit last June to the US of President Lee Teng-hui of Taiwan which infuriated China.

"In some ways," Mr Lieberthal added. "Lee Teng-hui is the tail wagging the dog."

One issue on which China and the US are likely to find common ground is North Korea. The US proposal, outlined by President Bill Clinton this week on a visit to South Korea, for four-way peace talks involving the two Koreas, the US and China won immediate support from Beijing.

Co-operation between Beijing and Washington on Korea – the two have been working relatively closely to contain a potentially explosive situation on the Korean peninsula – shows the two sides are capable of collaborating when they believe it is in their mutual interests to do so.

Mr Christopher and Mr Qian have their work cut out for them, however, to restore good overall working relations given the buffeting the relationship will encounter in the next few months. The best they can probably hope for at this stage is to stop further deterioration.

The Qian-Christopher encounter is at time of mutual unhappiness

ASIA-PACIFIC NEWS DIGEST

N Korea mulls US talks offer

North Korea is considering a US-South Korean proposal to convene a four-party conference, including China, to discuss a peace treaty formally ending the 1950-53 Korean war, it said yesterday. "We are now examining the proposal of the US side to see whether it aims at another purpose and whether it is feasible. We cannot comment any more just yet," the foreign ministry in Pyongyang said in its first official reaction to the proposal, made on Tuesday.

The statement provoked cautious optimism among South Korean officials that North Korea might accept the proposal, since it did not immediately dismiss the plan. Initial comments by several North Korean diplomats abroad had been negative. Pyongyang's ambassador to Thailand suggested South Korea might be given "observer" status in direct North Korea-US talks which North Korea prefers.

Analysts warned that willingness by the North Korean foreign ministry to accept four-party talks might be opposed by military hardliners, who appear to have increased their influence recently. *John Burton, Seoul*

Indonesia GDP grows 8%

Indonesia's 1995 gross domestic product grew 8.07 per cent year-on-year, against the government's original 7.9 per cent forecast. The higher figure was expected because Indonesian authorities routinely understate economic forecasts. Per capita GDP rose 11 per cent on 1994.

Mr Ginandjar Kartasasmita, minister for planning and development, said GDP per capita for 1995 rose to $1,023 from $920 a year earlier. Two years of record investment levels are among factors believed to be driving the GDP figure higher. Mr Ginandjar said total 1995 GDP in constant prices, (base year 1993) was Rp445,400bn ($191bn); total non-oil and gas GDP was Rp410,000bn. *Manuela Saragosa, Jakarta*

NZ balance of payments rallies

New Zealand recorded a better-than-expected balance of payments deficit of NZ$3.795bn (US$2.59bn) or 4.3 per cent of GDP in the year to December 31, Statistics New Zealand reported yesterday. The current account has deteriorated during the year, causing concern for the currency and interest rates. The December figure compared with a deficit of NZ$3.9bn, or 4.5 per cent of GDP, in the year to September. In December 1994, the deficit was NZ$2.5bn, or 3 per cent of GDP.

The latest December figures were helped by a NZ$436m improvement in the invisibles balance, mainly due to improved tourism. Mr Bevan Graham, chief economist with Westpac, said the figures probably marked a temporary improvement. The merchandise trade statistics were forecast to worsen over the rest of the year, as imports lifted and exports fell. *Terry Hall, Wellington*

Philippines trade surplus grows

The Philippines' balance of payments surplus for the first three months of 1996 exceeded the total surplus for the whole of 1995, the central bank said yesterday. Higher portfolio investments driven by the buoyant stock market and liberalisation of capital markets boosted the balance of payments surplus to $861m in the first quarter; $236m higher than the 1995 total of $645m.

The higher-than-expected surplus was also caused by lower government interest payments on foreign liabilities. Debt servicing, as a proportion of exports, dropped from 15 per cent to 13 per cent in the past 12 months.

Mr Gabriel Singson, governor of the central bank, said the country's gross international reserves had risen to $8.89bn last week from $8.85bn in March. Central bank reserves amount to about two months' worth of imports. *Edward Luce, Manila*

New South Wales pensions move

Australia's New South Wales state government is to split its State Authorities Superannuation Board, which handles more than A$15bn (US$11.9bn) of pension fund money for public servants, into two new corporations. One will deal with administration, the other, fund management.

Mr Michael Egan, the state treasurer, said he was recommending the eventual sale of the fund management arm. No decision had been made and the matter was yet to be referred to cabinet, he said. *Nikki Tait, Sydney*

- Japan's benchmark M2 money supply increased 3 per cent in March on a year-on-year basis, up from a 2.8 per cent growth in February.

- New legislation will allow foreign state-owned banks to set up in Malaysia, but a ban on new privately owned foreign banks will stay.

Seoul bank step may spur reform

By John Burton in Seoul

South Korea's government yesterday decided to cut the reserve requirement ratio for banks in an attempt to lower interest rates.

The move could enable South Korea to speed financial liberalisation as demanded by the Organisation for Economic Co-operation and Development (OECD) as Seoul prepares to join this year.

The measure will help narrow the gap between high Korean interest rates and low ones abroad, which will reduce the chances of a feared huge influx of capital as foreigners gain greater access to Korean financial markets.

Korean officials have argued greater financial liberalisation could not be introduced until the interest rate gap shrank. This would prevent large capital inflows from destabilising the economy by increasing inflation while causing the South Korean currency, the won, to appreciate, harming exports.

Korea and the OECD remain split over the pace of financial liberalisation, which is threatening Seoul's chances of joining the organisation this year. Lower interest rates could persuade Korea to adopt some of the OECD demands.

The central bank's monetary board said it would cut the banks' reserve requirement by an average of two percentage points, beginning next Tuesday.

The reserve ratio is the percentage of a bank's deposits it must transfer to the central bank as a guarantee to meet payment demands.

The reduction in the reserve requirement from 9.4 per cent to 7.4 per cent is expected to result in the banks lowering their prime rates on loans.

Analysts estimate total profits for the nation's 25 banks will increase by Won300bn ($383m) this year, due to the lower reserve requirement. Net earnings for the banks amounted to Won996bn in 1995.

Korea's reserve requirement is high by international standards, reflecting tight government control.

Axe hangs heavy over Canberra

Canberra, a one-industry town, is learning how to live on its nerves. The new conservative coalition government has announced it is to cut federal public services, centred there, but as yet has refused to spell out the extent of its plans.

The plans were no clearer yesterday after Mr Peter Reith, Australia's new industrial relations minister, met union leaders in Melbourne to discuss e wave of jobs cuts in the public sector.

For the Community and Public Sector Union, Ms Wendy Caird, joint national secretary, said she now feared that there would be three separate culls in the public services, with up to 15,000 jobs going in the first.

"There will be at least three rounds... there's one occurring now. The next one is in June when the Audit Commission reports and the final one will relate to the (1996-97) budget," she warned.

Pressed again on the matter yesterday, Mr John Howard, prime minister, said that he was "not going to spend every doorstop [media briefing] between now and the budget responding to the latest piece of speculation". The 1996-97 budget will be unveiled in August and the expenditure review committee is currently looking at outlays.

The only official guidance is that the government remains committed to reducing government expenditure by A$8bn (US$6.3bn) over the next two financial years – which would, on Treasury growth forecasts, bring the budget into underlying balance. Some ministers have also conceded that an election commitment to cut departmental running costs by 2 per cent, at a cost of around 2,500 jobs, will not suffice.

There have already been harbingers of more drastic action. Earlier this week, the federal finance department announced the loss of 144 jobs, with offices closing in state and territory capitals, as well as in London and Washington.

This amounts to a 15 per cent staff reduction and is being interpreted as a lead for others to follow. All federal departments are understood to have been asked to have staff reduction strategies in place by April 24.

Already, some public servants, as well as public service unions, are fighting back. For example, Ms Philipa Smith, the Commonwealth Ombudsman, has declared publicly that a threatened 30 per cent cut in her A$9m annual budget over the next three years would seriously affect her office's ability to keep checks on other government agencies and do more damage than good.

She claims that the office handled 42,000 complaints and inquiries last year, with a staff of 95, and has even mooted resigning over the issue.

Compounding the public sector jobs fears is the fact that Telstra, the large government-owned telecommunications group, is also considering staff reduction. Mr Frank Blount, chief executive, yesterday denied reports that up to 30,000 positions – about a third of the total employed – could go.

He said that Telstra – which performs poorly in international comparisons of labour productivity amongst carriers – would be shedding jobs but that the number would not be known until a three-year corporate plan was submitted to the government in about a month.

All this has brought warnings from the Labor opposition that indiscriminate cuts could be counterproductive – and could also have a domino effect on the private sector. As Mr Bob McMullan, shadow industrial relations minister, put it: "If you run a sandwich shop next to the department of finance in Sydney, you're in trouble."

However, not all moves to prune staff expenditures have been greeted with acrimony. An early decision to disband the National Media Liaison Service – widely seen as a government propaganda outfit – has generally been welcomed.

There was scattered applause, too, for the new government's decision to pay "junior" ministers less than cabinet members. The latter will earn around A$132,000 a year, while the former receive about A$10,000 a year less.

The number of ministerial "staffers" will also be reduced, with the Howard government operating on 379, compared with the former Labor administration's 455.

Nikki Tait

Thailand's monetary curbs 'will have little impact'

By William Barnes in Bangkok

Restrictive monetary measures introduced by Thailand's government this week will have little impact because they are essentially short-term measures used against long-term problems, economists and bankers in Bangkok said.

The Thai central bank tightened capital ratios of commercial banks from 5.5 per cent to 6 per cent of risk assets, increasing the total capital ratio from 8 to 8.5 per cent.

But this will not affect most banks, which already carry reserves above the new requirement.

The central bank also moved to raise the cost of importing capital by requiring all finance institutions to set aside a 7 per cent cash reserve from most new foreign loans of less than one-year maturity.

Other measures approved by the cabinet signalled curbs on spending and lending: tax credits were lowered for individuals' offshore banking dividends from 30 per cent to 10 per cent, and tax relief on cars restricted to those costing less than Bt1m ($39,525).

"These are simply measures to slow the economy. It's funny that now we see the current account deficit is shrinking and now the CPI inflation is moderating, they come out with these measures," Mr Scott Christensen, an economist at Jardine Fleming Thanakom Securities, said.

One Thai commercial banker said: "If they were really worried about overheating, these measures should have been introduced last summer."

Thai inflation climbed to 7.3 per cent in the first quarter of this year from 5.8 per cent in 1995; last year, the current account deficit widened to about 8 per cent of GDP compared with 5.6 in 1994. However, both figures have shown signs of falling recently.

Mr Vichit Supinit, Bank of Thailand governor, said the new measures, which he described as milder than expected, would be monitored for three or four months to see what effect they had on macro-economic stability.

Also, the Board of Investment is to give more help to anyone setting up intermediate-technology industry.

More Republican congressmen add support to initiative to raise basic pay

Minimum wage push gathers force

By Jurek Martin in Washington

Reich (right) ... says he does not think Dole can afford the risk of blocking a popular cause

The political push for an increase in the US federal minimum wage is now gathering momentum, with a significant number of Republicans joining what had started out as a classic Democratic election-year initiative.

About 20 Republican congressmen, up from 13 on Monday, have signed a letter urging that basic pay be raised in two 50 cent a year increments to $5.25 an hour, 10 cents more than the Democratic proposal. At a party caucus meeting on Wednesday between 30-40 urged the leadership not to block a floor vote on the issue.

That debate prompted Mr Newt Gingrich, the Speaker, who is sitting on a 40 seat majority in the House, to concede that, at the very minimum, the House should hold hearings on the issue. He thought it was "not inevitable" that an increase would be approved, but added "I think that some time this year we're going to have to look at the issue of take-home pay."

Senator Bob Dole, the majority leader, concurred in a Wednesday night TV interview, saying "we're looking at some way we can formulate an increase in the minimum wage." Earlier in the week, he had pulled the immigration bill from the Senate so as to avoid a vote on a minimum wage amendment.

Others in the Republican leadership, well aware of the business lobby's views, are still staunchly opposed to any such action. Mr Dick Armey, the House majority leader, brusquely commented "this whole issue is a sham on the part of the Washington union bosses that fund the Democratic Party."

But Mr Robert Reich, the secretary of labour and leader of the Clinton administration's campaign for an increase, kept up the pressure by saying he did not think Mr Dole could afford to take the political risk of blocking a popular cause.

As a practical matter, the Republicans may conclude that if floor votes cannot be ducked the impact may be mitigated by tying an increase in the minimum wage to other legislation aimed at curbing the political influence of trade unions. Mr Dole complained in his TV interview that organised labour was already underwriting negative commercials against his presidential campaign.

But traditional party rivalries may be taking second place to basic re-election realities, even for the Republican freshmen class best known hitherto for its adherence to radical conservative ideology opposed to most forms of government interference in the market place.

The comments in favour of a higher minimum wage from Congressman Bill Martini, a freshman from an industrial district in New Jersey, were typical. "It is time to give hard-working men and women a raise," he said. "They deserve a fair return on a hard day's labour."

Another potent political factor now crossing party lines is that the decline in real earnings for those at the bottom end of the pay scale – well over 10m Americans – coincides with a period of substantial corporate down-sizing and large bonus and salary payments for senior executives.

This raises questions of equity that are straining some of the old links between Republicans and business, as witnessed in Mr Pat Buchanan's populist campaign for the Republican presidential nomination.

Even the chief lobbyist in Washington for a federation of small businesses, among whom opposition to raising the minimum wage is most entrenched, conceded "it is going to be difficult to stop the current momentum."

Cavallo challenged over tax changes

By David Pilling in Buenos Aires

Cavallo: congress demands explanation

Mr Domingo Cavallo, Argentina's finance minister, yesterday found himself again at loggerheads with Congress, which is this time angered over a series of tax changes recently decreed by the minister. Government and opposition congressmen have demanded that Mr Cavallo be summoned to explain to legislators his reasons for lowering duties on several non-essential items such as colas, whisky and carpets, while raising taxes on petrol.

Congressmen, who have often balked at Mr Cavallo's brusque style, have reacted not only against the tax modifications themselves, but also at the minister's use of a decree to sweep changes past them without consultation.

Public opinion has also been stirred. "He could have lowered the cost of essential items such as bread or sugar, and not of luxury goods like carpets and alcohol," complained one woman. A cartoon in yesterday's *Cronista* business newspaper showed a driver asking to have his car filled up with Coca-Cola rather than petrol.

Mr Cavallo on Monday introduced lower duties on several items, most controversially on colas which saw a big reduction to 4 per cent from a previous 24 per cent. Local manufacturers of soft drinks with a high local fruit content, which had hitherto enjoyed tax benefits over colas, complained bitterly that the minister had buckled under the pressure of multinational soft-drink companies.

Mr Cavallo defended the changes, which could cost the treasury an estimated $200m, saying that tax revenue would not be affected. It might actually rise because lower prices would stimulate greater consumption, he said. Sales of cola fell by about 10 per cent last year amid general recession.

In a second set of decrees, the minister increased tax on lead-free petrol from 10 to 15 per cent. Analysts said the aim was to eliminate market distortions which encouraged petrol stations to under-declare sales of leaded petrol and, more importantly, to raise an extra $200m-$250m in tax annually. The four largest oil companies have passed the increase on to consumers, raising petrol prices by 4-6 per cent.

Congressmen have demanded the finance minister address them next Tuesday.

Ex-revolutionary comes to terms with capitalism

Raymond Colitt on Venezuela's socialist planning minister

Thirty years ago Mr Teodoro Petkoff was a leader in Venezuela's leftist guerrilla movement, fighting underground against dictatorship and the bourgeois establishment. In recent days, as Venezuela's planning minister, he has announced the lifting of all exchange controls, due to be implemented on Monday, and been instrumental in talks with the International Monetary Fund to introduce further market reforms.

Mr Petkoff, inspired by revolutionaries such as Che Guevara, began his political career as a young militant in the Communist party, engaging in sabotage against the state and on one occasion kidnapping a US army officer.

"At the time, we thought the armed struggle would bring about the world of ideals we were looking for: now we realise it was a mistake," said Mr Petkoff in an interview in his plush executive office, still casually dressed and with his shirt partly unbuttoned.

Today, his mild manner, robust and slightly stout figure belie his revolutionary past. He spent nearly three years in prison interrupted by two dramatic break-outs. Once, faking serious illness, he was transferred to a military hospital, from which he escaped by rope out of a seventh-floor window.

Another time, he and two other guerrilla leaders escaped from a high-security military prison by digging a 75-metre tunnel. Among the fugitives that February 1962, was Mr Pompeyo Marquez, now a cabinet colleague as minister of border issues.

> 'At the time we thought the armed struggle would bring about the world of ideals we were looking for'

Disillusioned with the abuse of power by communist dictatorships, Mr Petkoff and some of his comrades hung up their combat fatigues, split from the Communist party and helped found the Movement to Socialism party, for which he served as senator and stood as presidential candidate twice, losing both times.

Putting behind the armed and ideological struggle of the 1960s came easier in Venezuela than elsewhere in Latin America. "Neither side felt the desire for vengeance and we [the guerrillas] reintegrated quite normally into society," Mr Petkoff said.

President Rafael Caldera's pardon, issued in 1971 during his first presidential term, resulted in the leftist rebels being released from prison. It allowed for Mr Petkoff's and Mr Marquez's later inclusion in Mr Caldera's cabinet.

Perhaps the appointment of a socialist to his cabinet was an attempt by Mr Caldera to calm voices of opposition and create the political base to help push through the economic adjustment programme.

Far from having qualms about his new job, the socialist minister assures foreign investors about Venezuela's commitment to implement market-oriented reform and to seek an agreement with the IMF. Mr Michel Camdessus, IMF managing director, said yesterday he was "optimistic" the IMF and Venezuela would be able to reach an agreement on a loan package soon. "I hope we will see in the next few days a conclusion of the negotiations," he said.

Brushing off the name-calling by other former leftists, he insists he has neither gone conservative nor abandoned the socialist cause. One must simply accept certain realities in today's world, such as the globalisation of capitalism. The reform measures are simply "common sense".

Denying the importance of international organisations such as the IMF, Mr Petkoff argues, is as ridiculous as the 19th century Luddite uprising in England against the introduction of industrial machinery.

Shelving long-term ideological propositions for the time being, Mr Petkoff says he agreed to join the cabinet because "he is a pragmatic socialist whose concern is to help resolve Venezuela's deep economic crisis."

Hitch in Cuba sugar-for-oil deal

By Pascal Fletcher in Havana

Cuba is negotiating with a Russian trading company to resolve a commercial dispute that has blocked delivery of some Cuban sugar shipments in a big bilateral sugar-for-oil trade deal.

Cuban foreign trade officials said the problem involving Alfa-Eko, one of two Russian companies mandated by the Russian government to carry out the trade accord, was "strictly technical and commercial" and discussions were continuing. A Cuban negotiating team had already visited Moscow.

They gave no details but sugar market traders said they believed that Alfa-Eko's business with Cuba had been adversely affected by changes in the relationship between internal prices in Russia for sugar and world market prices for sugar and oil, which applied to the Cuba-Russia deal. World oil prices have recently rallied sharply.

As a result of the dispute, Alfa-Eko was refusing to accept three or four Cuban sugar cargoes that were currently sitting in the Black Sea. The company has a half share of the 1995/96 Cuba-Russia sugar-for-oil accord, signed in May last year. The overall deal foresaw the exchange of 3m tonnes of Russian oil for 1m tonnes of Cuban raw sugar to be refined for sale on the Russian domestic market.

Senior officials at Alfa-Eko in Moscow said there had been "substantial delays" in the Cuban sugar shipments. The Russian company was not prepared to continue selling its oil and buying Cuban sugar under the current conditions.

Cuban trade officials said Cuba had the sugar to complete its part of the deal. "The ships are there and so is the sugar," one official said.

Menatep-Impex, the other Russian company which with Alfa-Eko holds the Russian government tender to carry out the sugar-for-oil trade, said it was happy with the terms of the agreement with Cuba and would continue to buy sugar and sell oil under it.

The Cuban officials would not specify the total amounts of oil and sugar already delivered under the accord but they said the deal was "pretty advanced".

The Cuban government has said the island is on track to produce 4.5m tonnes of sugar in the current 1995/96 harvest, a big improvement on last season's disastrously low harvest of only 3.3m tonnes.

Brazil police shoot farmers in land protest

By Angus Foster in São Paulo

Brazil's police on Wednesday shot dead at least 19 landless farmers, including a 3-year-old child, in the worst incident of rural violence for many years.

Police started shooting during an attempt to break up a protest by the landless workers movement (MST), which had blocked a road in the south of the Amazon state of Pará. According to Mr Gustovo Filho, a member of the MST, the police "just started shooting, they didn't even stop to negotiate".

Human rights delegations were headed for the area yesterday to investigate how and why the attack took place. The MST said 21 of its members were dead and others missing, with at least a further 40 people injured. Police sources said 19 farmers had been killed. There were also allegations that the police had hidden some bodies in the area, which is mainly recently opened farmland.

An official from Brazil's national farm workers union in Marabá, the town where the bodies and injured were taken, said the police attack had "brutal" consequences, and some of the corpses had parts of their heads blown off. The official said survivors were alleging that the police told the workers to gather one hour before the massacre to hear proposals for a "solution". When the police arrived, however, they started shooting.

Rural violence is one of Brazil's most serious social problems, and is blamed on police impunity and unequal land distribution. Police nearly always act upon the orders of powerful local politicians and landowners, who are keen to get landless farmers moved away. A similar case of rural violence last year, when police killed at least 10 landless farmers in the state of Rondônia, has not yet led to any prosecutions.

Human rights groups say nearly 1,000 farmers and union leaders have been murdered in Brazil in the last decade in rural conflicts. The MST movement blamed the latest massacre on the government's slow progress in land reform.

The government says it resettled 40,000 landless families last year and plans to increase the number to 60,000 this year. But the MST says several million people need land, a target which the government's stretched budget could never reach.

Mr Almir Gabriel, governor of Pará state and an ally of President Fernando Henrique Cardoso, said the police had been told to clear the area "without violence". Mr Cardoso condemned the killings as "unacceptable" and sent his justice minister Mr Nelson Jobim to the area.

The pain after the profits, Page 13

AMERICAN NEWS DIGEST

Increase in US jobless claims

The number of Americans filing first-time applications for state unemployment benefits edged up last week, the government said yesterday. The Labour Department said initial jobless claims rose 10,000 to 360,000 in the week ended April 13 from 350,000 in the prior week.

Despite the slight increase, economists viewed the level of claims as signalling a healthy labour market. "The trend in claims seems to be around 350,000," said Mr Joshua Feinman, economist at Bankers Trust. "That is below what we were running late last year."

Economists were watching this week's claims number closely, in part because the numbers earlier this month and late last month were skewed by the effects of the General Motors strike in March. Last week's total claims were below Wall Street economists' forecasts of 363,000.

The closely watched four-week moving average of claims, considered a more accurate barometer because it smooths out weekly volatility, declined in the April 13 week to 357,250 from 393,750.

Reuter, Washington

Pentagon report on Aids study

The US Defence Department says a study of a possible Aids virus inoculation found the vaccine failed to prevent or slow the disease. The study by the US Army Medical Research and Materiel Command examined the vaccine gp160. It represented the first "successfully concluded HIV vaccine therapy trial ever performed with a genetically engineered vaccine," according to a Pentagon statement.

While the vaccine did not prevent or slow the progress of the disease, "it did generate an elevated immune response in vaccinated subjects, and it had no adverse effects," the Pentagon said. The vaccine was provided by Microgenesys of Meriden, Connecticut.

AP, Washington

Salinas 'living in Ireland'

Former Mexican President Carlos Salinas, in reclusive exile for more than a year, has surfaced in New York City and said he was living in Ireland, according to newspaper reports yesterday. At an annual meeting of Dow Jones and Company stockholders, a reporter from the Mexican daily Reforma intercepted Mr Salinas and asked him to clarify where he lives. "I live in Ireland with my family," Mr Salinas was quoted as saying. Mr Salinas is on the board of Dow Jones.

AP, Mexico City

Inflation and borrowing hit tax cut hopes

By Graham Bowley and David Wighton

Fresh doubts were cast yesterday on the government's room for tax cuts ahead of the next election after figures showed it overshot its public borrowing target in the last financial year.

Separate figures dealt another blow to the government when they revealed that inflation failed to decline last month, contrary to most City of London expectations.

The Office for National Statistics said yesterday that the government borrowed £9.6bn ($14.6bn) last month to cover the shortfall between its spending and tax revenues.

As a result, the public sector borrowing requirement for 1995-96 was £32.2bn. This was £3.2bn above the chancellor's of the exchequer's forecast of £29bn set out in last November's Budget but still £3.7bn below last year's PSBR.

Poor tax revenues were blamed for the overshoot, as well as higher than expected spending. About £2.75bn less tax was collected than planned in the Budget, including £1.25bn less corporation tax. There were also shortfalls of £750m in both VAT and income tax.

These figures fuelled recent controversy about methods used by companies and individuals to avoid paying tax.

The Treasury insisted the corporation and income tax shortfalls could be explained by forecasting errors and lower than projected economic growth. But it was still at a loss to account for the consistent shortfalls in VAT receipts.

Mr Gordon Brown, the Labour opposition's shadow chancellor of the exchequer, called on the government to allow an independent audit of the Treasury's economic forecasts. He told the House of Commons this was needed "so that the Conservative party can never mislead the people of this country about tax and borrowing again".

Treasury officials pointed out that VAT revenues were 3.6 per cent higher than in 1994-95 and corporation tax receipts 21.4 per cent higher. They insisted public borrowing was on a downward trend.

Mr Kenneth Clarke, the chancellor, struck a cautious note on further tax cuts, saying in a BBC radio interview: "My main aim is not just tax cutting. There will only be tax cuts if we can afford it."

He defended the government's wider record on economic management, but figures yesterday showing that inflation was unchanged last month disappointed the City.

The ONS said the headline rate was 2.7 per cent, thanks to higher house prices and food and leisure costs. The underlying rate was also unchanged at 2.9 per cent.

A survey by the British Chambers of Commerce yesterday also revealed that sales by companies in the services sector are now growing at nearly the fastest rate for a decade but large manufacturers have seen their business decline.

Calls for hard line on Sinn Féin

By John Kampfner, Chief Political Correspondent

British ministers came under pressure yesterday to harden the conditions for Sinn Féin's entry into all-party talks on the future of Northern Ireland following the resumption of the Irish Republican Army's bombing campaign in London.

Mr David Trimble, leader of the Ulster Unionists, said Wednesday night's small device in west London was possibly a precursor to a large explosion.

As the Commons debated a second reading to legislation on elections for Northern Ireland on May 30, Mr Trimble urged the government to make clear to Sinn Féin that a mere restatement of its original ceasefire of 1994 would not suffice.

"We would need to have well before June 10 (the start of all-party negotiations) a clear agreement as to how a commitment to non-violence is going to be expressed in a clear and unequivocal way," Mr Trimble told MPs.

Mr David Wilshire, vice-chairman of the Conservative party's backbench Northern Ireland committee, said: "There have to be no weasel words which fall short of saying they will never, ever return to violence."

Introducing the bill, Sir Patrick Mayhew, Northern Ireland secretary in the British government, restated the terms agreed with the Irish government under which Sinn Féin would be allowed to participate. A ceasefire declaration would allow them into talks. Then the question of confidence-building measures, including the decommissioning of IRA weapons, would have to be addressed.

"As the prime minister has said, the proposals on decommissioning cannot be ducked or left to the end of negotiations," Sir Patrick said.

Mr John Major, during a visit to the Czech Republic and Ukraine, said the latest bomb would not derail moves towards peace.

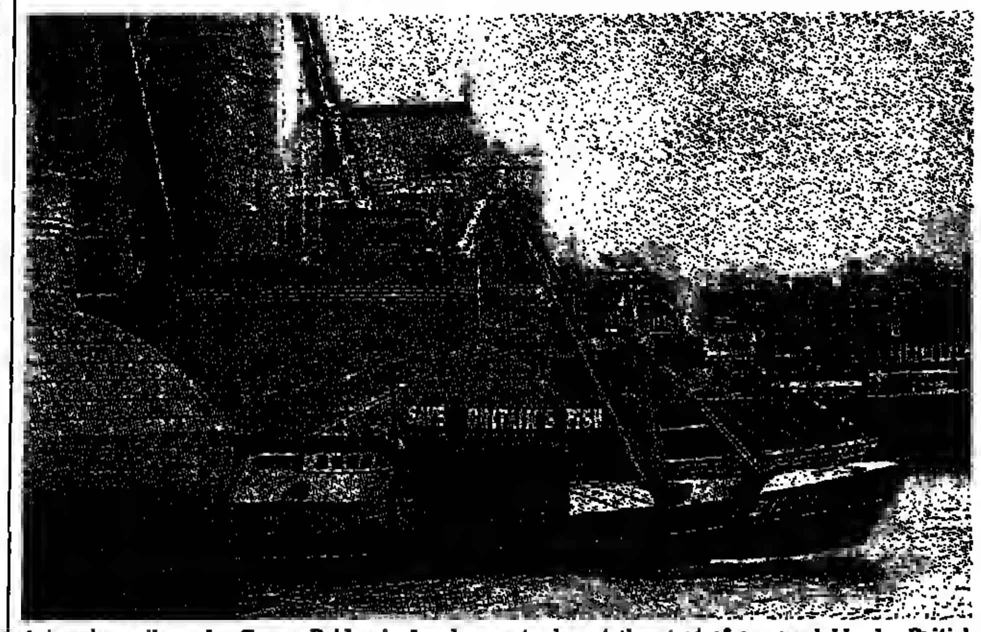
Mr John Bruton, the Irish prime minister, told parliament in Dublin the explosion was "another setback for those working for the peace process".

The remaining Commons stages of the Northern Ireland (Entry to Negotiations) Bill are set to be finished next Monday and Tuesday.

It will then be rushed through the House of Lords on Thursday.

● The latest bomb in London, widely assumed to be the work of the IRA, was designed to remind the British government that terrorist actions may continue right up to the start of all-party talks on Northern Ireland, security officials said.

The incendiary device was planted in an unoccupied house in an affluent residential area which, unlike other districts of London that have suffered large attacks in the past, such as the City, Whitehall and Docklands, has not had security increased in recent weeks.



A trawler sails under Tower Bridge in London yesterday at the start of a mass lobby by British fishermen for the government to pull out of the European Union's Common Fisheries Policy. The trawlermen claim that around 80% of fish landed in the European Union comes from British waters and yet the UK fleet is only allocated 12% of the catch. Photograph: Press Association

Housing 'heading towards boom-bust'

By Andrew Taylor, Construction Correspondent

Britain is facing a housing shortage which could lead to a return of the boom-bust cycle which has destabilised the market for much of the latter part of this century, according to a study published today.

The report by the Joseph Rowntree Foundation, the independent social policy research organisation, says that investment in new house building in Britain had – with the exception of a few short-lived surges – been falling for more than 35 years.

House prices were likely to rise steeply again as demand for homes recovered, causing increased housing misery for those unable to afford higher prices or to find sufficient subsidised low-cost rented accommodation.

Council and other publicly subsidised homebuilding had been curtailed drastically, said the report, but private-sector building had also declined. The number of new homes built annually had fallen from more than 350,000 in the 1960s to 180,000 in the mid-1980s and about 150,000 currently.

The report's author, Mr Michael Ball, professor of urban economics at South Bank University, London, called on government to reverse the policies of the past decade by increasing subsidies for social housing.

He said subsidies should be paid to encourage building homes for private rental while tax incentives could create a more stable private-sector market.

British investment in new homes had fallen below levels in rival industrialised countries such as Germany, US, France, Japan and the Netherlands, said Prof Ball.

The situation had worsened in the 1990s as the market became more depressed and efforts to limit public spending increased. Housing investment in 1994 represented just 3.2 per cent of national income of which new house construction represented only 1.1 per cent – equivalent to levels in the middle of the last century.

UK NEWS DIGEST

Saudi dissident allowed to stay

Mr Mohammed Al-Masaari, the Saudi dissident, was yesterday granted the right to remain in the UK for four years in a humiliating reversal for Mr Michael Howard, the Home Secretary. Following the Home Office announcement, Mr Howard faced fierce criticism from MPs on both sides of the House for having to overturn "his incompetent and misguided" decision to deport Mr Al-Masaari under pressure from the Saudi government.

Mr Howard previously said that it would have been "irresponsible" for the government to have risked jobs and businesses reliant on trade with Saudi by allowing Mr Al-Masaari to stay. However, the Saudi embassy yesterday showed no dismay at the Home Office decision.

Mr Ghazi Algosaibi, the Saudi ambassador, said: "We have never asked the British government to violate its own laws, nor will we do that in the future." Mr Jack Straw, spokesman for the home office for the opposition Labour party, said: "This profound humiliation for Michael Howard is the price which he must pay for playing fast and loose with the rule of law.

James Harding, London

Court action disappoints Lloyd's

LLOYD'S LLOYD'S OF LONDON

Lloyd's of London faced a fresh headache when plans to adjourn an important legal case were rejected by the High Court – in spite of delay being backed by a significant body of lossmaking Names.

The decision was unwelcome for Lloyd's because it had hoped the adjournment would signal a rapprochement with embittered Names – individuals whose assets have traditionally supported the insurance market.

The case tests Lloyd's ability to change the insurance market's rules so damages won in court by lossmaking Names are used to settle their outstanding debts at the market.

Separately, lossmaking Names claimed another legal victory when a further 800 Names won the latest stage of their court battle for damages for more than £70m ($106.4m) in losses.

The Bromley 475 Names action group said the High Court ruling showed they were victims of negligent underwriting. It would strengthen the group's hand in negotiations with Lloyd's over the proposed out-of-court award, currently worth £2.8bn ($4.25bn)

Ralph Atkins, Insurance Correspondent

ICI progresses with power plant

Imperial Chemical Industries and Intergen, a US-controlled energy company, are pressing ahead with the construction of a controversial £250m ($380m) power plant in Cheshire by placing equipment orders for the project.

ABB, the Swiss-Swedish engineering group, yesterday said it was supplying turbines worth $250m for the 720-megawatt plant at ICI's chemicals plant at Runcorn.

ICI announced last year it was building the power plant after a bitter campaign against the electricity pool pricing system, which it said penalised industrial users. ICI is supplying the land and buying the electricity produced, but the plant will be funded, owned and operated by InterGen, a joint venuture between Pacific Gas & Electric, a North American utility, and Bechtel, the US construction group. ABB is supplying two gas-fired GT26 turbine sets, its most advanced gas turbines for the plant.

Stefan Wagstyl, Industrial Editor

BNFL wins fuel supply contract

British Nuclear Fuels (BNFL) has won a contract to supply fuel to Soviet-designed VVER-40 reactors in Finland and Hungary. The company says it is the first time this fuel will be supplied from outside the former Soviet bloc.

The contract, worth several million pounds, involves the design, development and supply of fuel assemblies and associated services. The deal also opens opportunities to win other business in East Europe, where there are 32 VVER reactors, all of which are currently supplied from Russia.

David Lascelles, Resources Editor

Ostrich investigation deepens

One of the companies described by the Department of Trade and Industry as having made an "undeserved profit" in Ostrich Farming Corporation's investment scheme was registered in Wyoming only on April 9, after the DTI had moved to close OFC.

The DTI's petition to wind up OFC says Wall Street LLC and another company, Wallstreet Corporation (UK), bought ostriches at market price from a Belgian company, Zooparc Amo-Safari, and sold them on to OFC for much more, making "substantial profits ... for no discernible benefit."

OFC, which then sold ostriches to individual owners, "guaranteeing" annual returns of more than 51 per cent, is being investigated by the Serious Fraud Office.

● Mr Jack Bennett is a director both of OFC and of Wallstreet Corporation (UK). Because of a filing error at Companies House, the FT incorrectly reported that Mr Bennett was a director of Ostrich Breeding Corporation, another company – now described as "dormant" – at which OFC directors Mr Allan Walker and Mr Brian Ketchell are also on the board.

Mr Bennett, who lives in Leicester, where Wallstreet Corporation is based, joined OFC's board in September.

Clay Harris, London

Rail sell-off may not meet hopes of property gain

By Simon London in London

Investors preparing to buy Railtrack shares in expectation of windfall property gains should think again. While the company will squeeze some value from its £1.4bn ($2.1bn) property assets, the timing and scale of any development profits are uncertain.

Railtrack is being launched into the private sector owning properties ranging from allotments and railway arches to international stations.

The profits generated by these assets are currently modest in relation to the company's overall business. In the year to March 1995, rental income was £111m, against total turnover of £2.3bn.

The question is whether Railtrack can add to this steady stream of income by selling surplus land and redeveloping its stations, car parks and freight yards.

The prospect has raised hackles among opponents of rail privatisation. Ms Clare Short, transport secretary for the opposition Labour party, said: "These assets can not be allowed to be lost to the industry in the interests of short-term property gains for the benefit of shareholders. Railtrack is not a property company. It should not be regarded as one."

Forecasts submitted by Railtrack to its regulator estimated that it would receive about £1bn of income from property disposals up to March 2001. But rents are expected to provide the bulk of this income. Only £250m is expected to come from property disposals and development profits, an average of £42m a year.

The worry is that Railtrack will try to boost this average by selling operational assets such as stations and freight yards. After all, the company has agreed a formula with the rail regulator whereby it will keep 75 per cent of any property income over and above the £1bn expected.

In reality, though, there is probably limited scope for either moving stations or breaking up freight yards. Under the new structure of the railways, most stations are leased by train operating companies. These operators will object if Railtrack tries to move stations to inconvenient locations.

The really big financial gains would come from redevelopment of stations in the heart of the UK's largest cities. These are by far the most potentially valuable parts of Railtrack's property portfolio.

The 1980s saw a string of development projects over London's main stations which generated significant profits for British Rail. Its largest single investment asset is a residual interest in the Broadgate office development, adjacent to Liverpool Street station in the City of London. In each case, Railtrack found a developer willing to shoulder the main risk, but retained a residual interest in the land.

The opposition Labour party failed in its attempt to halt the sale of Railtrack in a debate in the House of Commons. Ms Clare Short, the shadow transport secretary, said Railtrack was being sold at about £5bn below its market value and the sale was being laced with sweeteners.

But Conservative MPs rallied behind the government, whose majority had fallen to just one after defeat in the by-election in the Midlands constituency of Staffordshire South East.

Ms Short warned prospective investors that a Labour government would use all the "powerful levers of control" available to it to reintegrate the railways under a "renewed" British Rail. Replying for the government, Sir George Young, transport secretary, said Labour had not explained how it would fund extra capital investment in the railways.

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Saudi dissident allowed to stay

NEWS: UK

Banks to decide on electronic payments

By George Graham, Banking Correspondent

The Bank of England, the UK's central bank, and the clearing banks will decide today whether to switch on a new electronic payments system to handle more than £100bn ($152bn) a day of instantaneous transfers between banks.

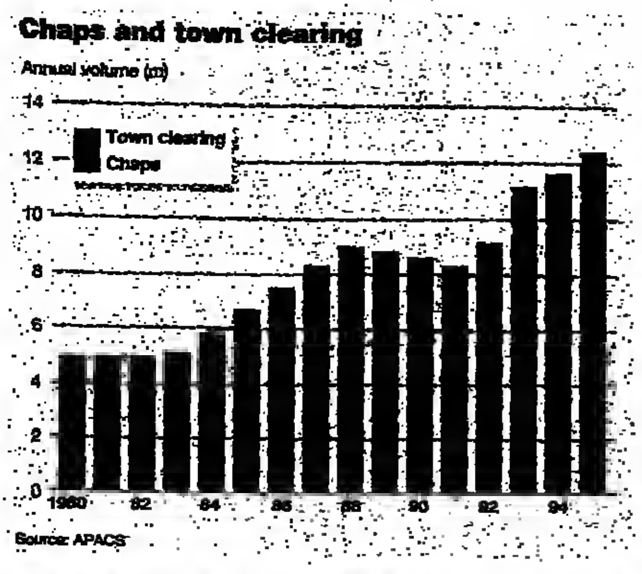
If there are no last-minute qualms, the Real-Time Gross Settlement system will go live on Monday, eliminating an entire category of risk from the British financial system.

The new development will be based on the Clearing House Automated Payment System (Chaps), an electronic network introduced in 1984 to handle high-value, same-day transfers.

In the current Chaps system, a bank credits a payment to its customer's account immediately, but does not itself receive final payment from the payer's bank until the whole banking system has settled up at the end of the day – usually by about 7.30pm.

In the new RTGS system, on the other hand, payments will be instantly credited or debited to each bank's account at the Bank of England. This eliminates the risk that it might never receive the money if the paying bank collapses during the course of the day.

Chaps and town clearing



Source: APACS

The development of real-time payment came in response to the need to design new electronic systems to replace old methods of exchanging paper, rather than in reaction to a particular disaster. Until last year some high value payments were still dealt with by Town Clearing, where messengers carried cheques to Lombard Street, in the City, where they were exchanged.

By allowing instantaneous payment, RTGS will also create an opportunity to reduce settlement risks in other financial markets.

Systems such as the US's Fedwire or SIC in Switzerland already provide the opportunity for real-time settlement. The central banks of the European Union have committed themselves to developing real-time systems linked in a network called Target.

The European Monetary Institute says this will start on December 31 1998, in time for introduction of the single European currency.

NatWest council praised by union

By Robert Taylor, Employment Editor

Banking union leaders joined managers at National Westminster Bank yesterday in hailing the first meeting of the financial services industry's only global staff council as a significant industrial relations breakthrough.

"We have crossed the industrial relations barrier," said Mr Alan Ainsworth, assistant secretary of Bifu, the banking union, after the 54-strong council's inaugural meeting in Oxfordshire.

Mr Derek Wanless, NatWest chief executive, said the council had demonstrated the value of such a consultative body. The majority of delegates were from the UK but representatives also came from the group's global operations, including the US, Spain, Russia, France, Japan and Germany.

"Having such a council is right for us now," Mr Wanless added. "It is a very attractive model that has filled a communication gap in the group."

More than 30,000 employees took part in ballots to elect the council. Just over half its members are one of seven recognised trade unions and just over half are from the UK. Four members are trade union officials.

Mr Rory Murphy, general secretary of the NatWest staff association in the UK, said the first meeting had been "fruitful". "Never before have the staff been given access to so much management thinking and information," he added.

In its presentation of future strategy, the group confirmed further job losses and branch closures but council members said they hoped there would be full consultation.

NatWest is the first large company to establish such a body across all its global business activities. But Mr Wanless made clear the council was not created as "a defensive and minimalist response" to the introduction of the European Union's legally enforceable directive on works councils.

Water shortages forecast

Possible solutions include piping supplies from France

By Leyla Boulton, Environment Correspondent

Britain's water companies face a tough summer coping with renewed water shortages this year, according to Dr Jan Pentreath, chief scientist of the newly established Environment Agency for England and Wales, which represents most of the big water companies.

In an interview this week with the Financial Times, Dr Pentreath, said: "It's going to be tough. There isn't going to be enough. It's the end of the winter rain and the ground is not full of water."

Dr Pentreath, a former senior official at the National Rivers Authority which has been subsumed into the agency, said that in future water companies would have to be far more pro-active on water conservation.

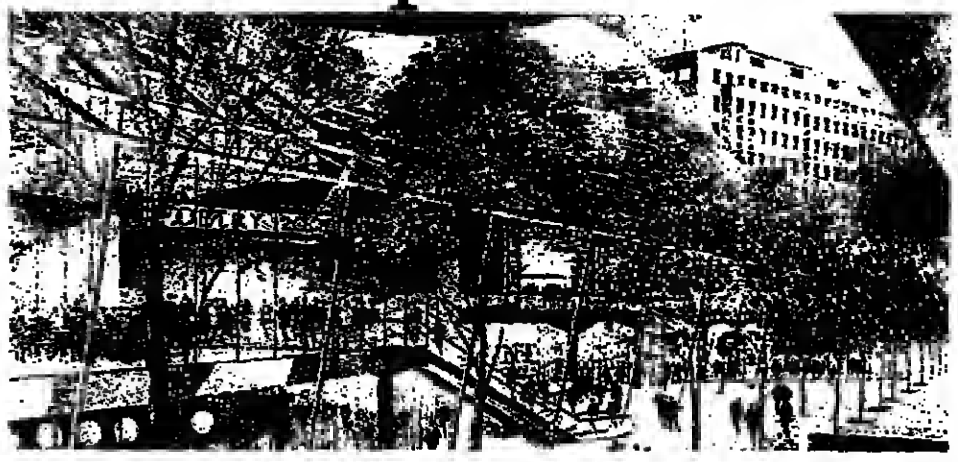
Dr Pentreath's remarks come as water companies have been scrambling throughout the winter to avoid a repeat of last summer's political debacle over water supplies. One company, Folkestone and Dover Water Services, which is owned by France's Compagnie Generale des Eaux, has been considering piping water to England from France. "They are desperately short of water and looking at every possibility," said one industry official.

Ms Janet Langdon, director of the Water Services Association, which represents the big 10 privatised water and sewerage companies of England and Wales, said that rainfall this winter had been "75 per cent of the long-term average, which is very low". She said members of the WSA had spent an extra £350m over the winter to strengthen their distribution networks, leakage detection and repairs, and linking up various water resources.

THE PROPERTY MARKET

A world-class production

Simon London examines the £170m plan to redevelop the South Bank Centre



David Eccles

Future forward: an impression of the view towards Belvedere Road from the corner of the Royal Festival Hall, showing the new ground levels for the Queen Elizabeth Hall and Hayward Gallery

Proposals for a £170m ($258.40m) redevelopment of London's South Bank Centre, the largest arts complex in Europe, have reached a critical stage.

In the next few weeks, the Arts Council will decide whether to back the scheme with £127m raised from the National Lottery. This would be the largest-ever grant of lottery funds.

The remainder of the cash to finance the project, which aims to transform the current ugly, unwelcoming complex, will be raised from the private sector.

The South Bank should have little trouble raising its private-sector contribution. The 27-acre site – which accommodates the Royal Festival Hall, the National Theatre and the Hayward Gallery – stands in a riverside location only a few yards from Waterloo Station, one of London's busiest rail terminals.

For all its architectural drawbacks, the South Bank attracts millions of visitors a year, many of them free-spending tourists. This creates scope for commercial development to help support the redevelopment of the arts centre.

This potential is not lost on the South Bank board of governors, which includes Mr Elliott Bernerd, chairman of Chelsfield, Mr David Marlow, a director of Brixton Estate, and Mr Alan Smith, chairman designate of Storehouse and former chief executive of Kingfisher, the retail groups.

But the board is trying to satisfy a number of fickle audiences. It must convince the arts lobby that its redevelopment plans will maintain the character of the South Bank as a cultural centre.

"Everyone is very nervous about turning this site into a shopping centre," says Mr Smith.

The proposals being considered by the Arts Council include only a modest expansion of the commercial space at the South Bank.

The board wants to create about 130,000 sq ft of retail space in the pedestrianised areas around the main arts buildings and in a new arcade driven through the Royal Festival Hall.

Mr Smith estimates this could provide the South Bank with rental income of £2m to £3m a year, which could be mortgaged to raise perhaps £25m. This would account for most of the private-sector capital required to stand alongside lottery funding.

Arts purists might balk at even this modest step towards commercialism. The trade-off is that the South Bank will be able to refurbish the Royal Festival Hall, substantially improve the Queen Elizabeth Hall and the Hayward Gallery, and build a new 400-seat performance space.

The whole scheme would be housed beneath a steel and glass canopy designed by Sir Richard Rogers, the architect responsible for the Pompidou Centre in Paris and the Lloyd's of London headquarters building.

The danger is that the Arts Council will chip away at the overall scheme. It might question whether the £16m canopy is really necessary, for example, or whether the Queen Elizabeth Hall really needs to accommodate opera.

The South Bank board responds that it has put forward a coherent plan to create a world-class arts complex, not a divisible wish-list.

But what if the unthinkable happens and the South Bank Centre's application for lottery funding is turned down completely?

The board would then be faced with two options: either try again or take a long hard look at redevelopment led by the private sector.

This second route has been tried before. In the late 1980s, the South Bank teamed up with Stanhope, the property developer headed by Mr Stuart Lipton, to propose a redevelopment financed entirely with private-sector capital.

The scheme, designed by Mr Terry Farrell, the architect, envisaged creating 150,000 sq ft of shops and 400,000 sq ft of offices.

The design, which involved demolishing and rebuilding many of the existing South Bank arts buildings, raised hackles in the arts community. It sank with the property crash.

Today, few would dream of building 400,000 sq ft of speculative office space in a fringe business location south of the Thames. Demand for office space is much more subdued than in the late 1980s.

But the South Bank remains a valuable location in other respects.

The proposed redevelopment of the South Bank is only one of a string of separate projects taking place along the south bank. These promise to revitalise the southern side of the Thames, traditionally regarded by the property industry as the poor relation of the north bank.

The development of a leisure and conference centre at County Hall, to the west of the South Bank Centre, promises to further increase the number of visitors to the area.

Plans unveiled this week for a giant ferris wheel at Jubilee Gardens, between the arts complex and County Hall, should have a similar impact.

A local employers' group, which includes J. Sainsbury and Shell, is also planning a series of cosmetic improvements to roads and walkways to make the area more appealing.

This set of projects could turn the south bank into some of London's most valuable land for leisure development. There is also scope for more high-value residential buildings.

At the rear of County Hall, two empty office buildings have been successfully converted into flats by Frogmore, the quoted property company.

Farther up river, Regalian has converted Alembic House, a tired 1960s office tower, into Peninsula Heights, an even more up-market residential scheme.

The South Bank Centre itself has at least one site which is crying out for redevelopment: the land between the main arts complex and Jubilee Gardens has been an untidy car park since the Festival of Britain ended in the 1950s.

All this suggests that the South Bank board could adopt a more commercial approach if the Arts Council turns down its application for a lottery grant. If lottery funding is forthcoming, though, the wider regeneration of the south side of the River Thames will take a huge step forward.

Victoria Griffith on enthusiasm for Performance Focus Management

Strategy by computer

When the Bank of Montreal reviewed its Quebec operations two years ago, it experimented with a technique callled Performance Focus Management.

Armed with vast amounts of data and a tailored computer program to analyse it, the gronp decided its resources were misallocated. "We increased the number of personal lenders at some branches and cut down at others," says Andrew White, executive vice president of planning for the bank. The result, according to White, was a 5 to 10 per cent improvemeot on initial performance projections. Today, the bank considers the program an important management tool.

The Bank of Montreal is just one of a number of companies relying on the new information technology system. It has also been adopted by US West, Exxon, Barnett Bank and Florida Power.

Performance Focus Management is management by computer. It processes large amounts of data through regressioo analysis to help managers make decisions about where to direct resources.

Performance Focus Management focuses on the impact of forthcoming events. "We always projected a little into the future," says Allen Lastinger, president of Florida-based Barnett Bank. "For example, we would decide whether we thought interest rates were going up or down and build that into our business plan. But this is far more specific."

In ooe case, the bank took into account the negative impact the closure of a military base would have on a nearby branch. In another instance, the bank decided the relocation of an important company to another neighbourhood would substantially improve the business potential of the branch there.

Managers say detail is key in Performance Focus Management. In the Bank of Montreal's case 10 people worked to set up the program, which has been in place company-wide for less than a year, and five employees continue to rum it.

The program considers the impact of small events as well as bigger concerns such as interest rates. Subtle shifts in disposable income and demographics in specific neighbourhoods, the plans of competitors, and the expected effect of technological improvements in certain branches, for example, are taken into account.

Becaose the management tool focuses on detail, the program must be tailored specifically to the company. Managers say Performance Focus Management is as much a philosophy as a technique, but most of the companies that have adopted the model rely on customised programs put in place by the consultancy Booz, Allen & Hamilton.

"We told Booz Allen that they needed to transfer the technology to us completely," says White. "They helped us set it up, but now we run it with oo belp from them. We couldn't be left depending on them, because if you can't manage your business without a consultant, you're dead."

One of the main challenges of Performance Focus Management is the quality of information that goes into the computer program. The Bank of Montreal, for example, collects income and tax data from the federal agency Statistics Canada, information on competitors from newspaper clippings, and interest rate forecasts from economists. If the necessary information is not easily available, the bank generates it, conducting surveys in specific marketplaces to bolster its data.

To provide the necessary precision, users of Performance Focus Management are forced to dissect their businesses. At Barnett Bank, for instance, the company is first divided into 32 geographical areas, then split into more specific business areas such as mortgage lending and consumer credit.

"We have hundreds of categories," says Lastinger. "The beauty of this is that we have a prediction for how things like small-business lending in a specific part of town can be expected to perform. It gives us something against which to measure actual performance."

Proponents of the new tool say it has weaned them from a number of bad management habits. One problem with traditional management, they explain, is that it placed too mucb emphasis on the salesmanship of second-tier execntives. "In the past, it has been management by negotiation," says John Shank, a professor at Dartmouth's Amos Tuck School of Management in New Hampshire.

Because the process is less subjective under Performance Focus Management, managers say they feel more confident about allocating resources. The program dictates everything from personnel levels to technological investment, and allows managers to react swiftly to market changes. A mortgage lender in one branch, for instance, may be switched to the consumer credit section of another branch overnight, if the computer decides that area has more growth potential.

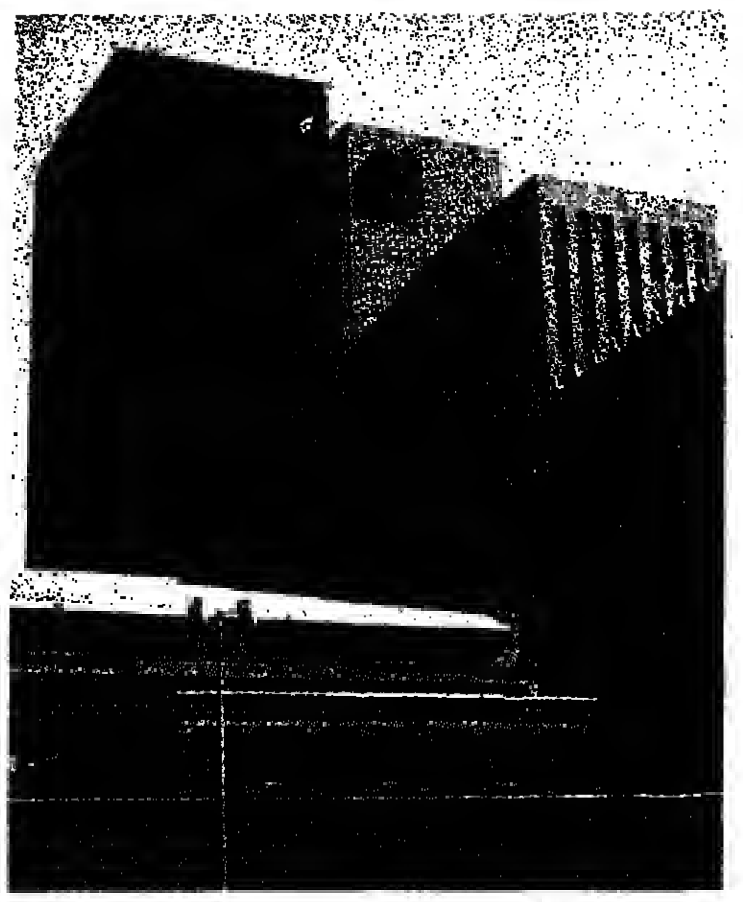
The constant review of resources means companies using Performance Focus Management must have a flexible workforce. Proponents believe they can meet that challenge through improved hiring and training methods. "There is nothing novel about that," says consultant Joel Kurtzman. "A company without flexible employees in the 1990s is doomed to failure."

Managers say one important advantage of the computer program is that employees are evaluated on potential as well as actual performance. Traditional management models may fail to consider events beyond executives' control. Workers at a fast-food restaurant, for instance, may be praised by the chain's management for hoosting burger sales even if they had nothing to do with the improvement.

"How do we know if they sold more burgers because they were working more efficiently, or if they sold more burgers because a new shopping mall is attracting more people to the area," asks Shank. Performance Focus Management, say supporters, prevents employees from being rewarded or punished erroneously by taking outside influences into account.

The technique has potential weaknesses, however. Inaccurate data, for instance, could distort vital business decisions. A computer may also fail to consider the human side of management. Switching employees from one branch to another may make sense from the program's viewpoint, but could wreak havoc on employees.

"The system assumes a lot," says Kurtzman. "You have to have good information going into the computer to get valuable information coming ont. And yon have to assume that employees can adapt to the computer's recommendations."



Robert Harding Picture Library

The bank saw a 5 to 10 per cent improvement on initial performance projections

Good planning can save money and get a better result, say **Santa Raymond and Roger Cunliffe**

Solid foundations for new-building projects

The processes by which some otherwise sophisticated businesses are embarking on new-building projects can be likened to a financier investing in films for the opportunity to meet glamorous movie stars.

Businesses which would prepare with extreme rigour for a new product – be it a torch or an insurance policy – will take on arranging building works in a most ill-thought out way.

Masters of effective just-in-time techniques, they appear to be taking a wasteful "just-in-case" approach when it comes to building projects: just in case they need more space, change their minds or get it wrong, they will demand both belt and braces.

Organisations responding to new ways of working, staffing levels or location, tend to turn to the nearest building design professional – surveyor, architect, engineer or developer – and say "help me out of this one".

This could be akin to "leaving Dracula baby-sitting", says John Worthington, deputy chairman of architects DEGW and professor at the University of York.

Even the straightest firm may be tempted not to advise minor refurbishment when new construction will yield twice the return – as well as something to show in the glossier trade magazines.

Yet thousands of pounds can be saved by proper preparation with the right advice. The company that spends time and energy clarifying its needs will achieve a building that really fits those needs. It will be of the right size and type, in the right place, at the right cost and will be ready on time. It will have opening windows if they are wanted, information technology which serves seamlessly but without undue complexity, and a furniture inventory that is comprehensive, yet spare, economical yet stylish.

Once the business has sorted out what it needs it must ensure that these requirements are really understood by the people who will implement them.

Designers and contractors speak their own language, and produce drawings unfathomable to laymen.

As one Ministry of Defence official said recently: "We have to make the amazing act of faith of investing millions of pounds based on 2D images."

Between having a vision – the statement of intent – and embodying it in built form lie several important steps – and too often the early ones are skimped or even overlooked.

The project business plan sets objectives and outlines a programme for bringing about operational change. The strategic brief converts these into a form which acts both as instruction and as benchmark for the route the designers and contractors must take.

The development of new premises needs to be tackled with the same care as the development of a new product

The strategic brief for a building project prepares for creative design. It describes aims, facts and issues but not solutions. It will contain sections on:

- Objectives. The prime objective of the project and the main supporting ones.
- Context. Factual elements, such as historical, regulatory, physical (including site and boundary data), resources (data, skills, money and time); and cultural elements, such as organisational attitudes, aspirations and policies.
- Issues. Opportunities, uncertainties and constraints.
- Process. Approach, principal tasks, participants' skills, method of work and communications.
- Initial action. Sequence of events, priorities and project start-up.

Who should produce the strategic brief is always a big question. Perhaps a delegated senior executive – chairman of the development team – together with the facilities manager and other important user representatives can manage this task.

However, too often the technically knowledgeable – the facilities department members – are left either without enough top strategic input, without enough say in the whole process, or are inadequately resourced.

The best pre-design brief sorts out needs from wants, ensures that no voice of substance remains unheard, balances time, budget, and quality, considers capital versus running costs, and ensures efficient daily operation into the distant future.

The strategic brief must be signed off before handing it to the design team to develop a detailed design brief. This is essential to ensure that all parties are agreed, and have "bought into" the project (likewise with signing off the design brief so the sponsor knows in further detail what he is buying).

The design brief is the province of the design team, comprising architects, designers, engineers and quantity surveyors. They are trained to use complex information, much of which is hypothetical, and create solutions. Which elements should be frozen, and when, is an important issue, particularly in the current climate of passing risk down the line.

"You can't have it both ways. If you want the flexibility to leave decisions until they must be made, when you know more what the situation really is, then you have to carry your share of the risks," says Worthington.

The development of premises needs to be tackled with the same care as the development of a new product. Tomorrow's truly effective workplace enhances the operations taking place within it, so that it becomes "just right" for the successful company that occupies it.

The authors are architects and design strategists.

ARTS

Literary voice of America

Justin Cartwright talks to novelist John Updike about his life and work

John Updike suggested the Ritz Carlton in Boston. It had been snowing and large icebergs of snow remained on street corners. Walking around in the dead time before meeting Updike, I wondered why Bostonians were so thin. Many of them were moving at a scuttling jog along the streets and around the icebergs. It took me some time to realise that they were preparing to take part in the Boston Marathon.

As the hour approached I lurked nervously in the lobby. I have loved John Updike from afar. And I have wondered about how he looks. On the cover of *Hugging the Shore*, 1983, there is a lovely picture of him in a boat. On the cover of *Odd Jobs*, ten years later, there is a picture of him looking like an escapee from a Vermeer. I had pondered the change. In his autobiography he describes an Updike relative thus: "he had a hooked nose and large-lidded eyes in deep sockets". In the family tradition, Updike's face is streamlined, pulling away from a large nose, and his eyes are hooded by this backward tug. We used once to have a 1951 Pontiac, adorned on the bonnet with an Indian chief. The designers of tha car had given the chief a similar wind-tunnel look.

Hero worship, of course, makes you blind but the three hours we spent together were entrancing. The fact is that I have felt myself to have a professional and personal relationship with Updike. That he had never heard of me, did not lessen the intensity of the feeling from my side.

I said that I thought that *In the Beauty of the Lilies* was an autobiographical work and that tha characters displayed aspects of his own life and experience. He confirmed that the character Essie, who seeks the spotlight to hide her deficiencies, was very like him.

He had a sense of distinction even as he kicked his heels in Shillington, Pennsylvania, and a desire to get into the world of the media, "though it was not called the media then." Harvard, two years as a staff writer on the New Yorker, retreat to New England at an early age and a productive lifetime of living by his pen, are proof that the distinction he imagined was real enough.

I was surprised to find that he was still diffident about his position in the literary universe; ha suggested, for instance, that Bellow might be ahead of him. (Bellow, certainly, does certain things that Updike cannot, but Updike ranges far wider and risks far more.) But he was not unaware of his renown: "Eminent enough", he described himself. "I live in a pleasant backwater where writers aren't taken very seriously. I've chosen these small towns where eminence does not get in the way."

I had heard one of his sons in the aftermath of his divorce and second marriage, describe him as ruthless in matters of his career. I asked him about his relationship with his children. He and his first wife "had raised their children in a low-pressure environment". They have all done well and found "oddly suitable mates". He is unfailingly generous about his first wife and his children, although in his books some of his observations about parents and children are honest to the point of rawness. In his own case his parents were very self-effacing, and his father was always talking about his failures. This is a very American text, the interweaving of failure in everyday lives: "I had this wonderful aense, well I can't do much worse than this."

In the Beauty of the Lilies is about America and its twin infatuations with religion and the movies. I asked if it was not true that the subject with Updike is always America. He is aware that Americans are thought to overrate their experience as a subject for literature – "After all, Kafka did not take on Bohemia as a subject" – but he suggested that this has been the American age. "I am very aware of there being something to say about America in this century, just as Whitman and Emerson were aware of there being something new and unique ebont America in the 19th."

I wondered how he had managed to be so productive. He said that he had arranged his life to evoid the great pitfall of teaching. He has also said that be likes to get up late so that other people have taken care of the tedious business of the day and he descends to an ordered world. "I begin the day by answering the previous days's mail, which serves as a little warm-up, and then from ten to one I try to write, really write: I try to move it along – whatever it is. I set early on this quota of a book a year."

This discipline has resulted in 40 books, "which seems like too many when I see them on a shelf." He has also produced 1800 pages of his collected reviews and articles over the years, each review painstaking, thorough and generous. He says how important it is to avoid animosity and politics as a reviewer. English reviews suffer by being too short, because a short review format excuses the reviewer from too much diligence. He was given as many words as he liked in the New Yorker.

We talked about the *Rabbit* cycle. He agreed that the Harry "Rabbit" Angstrom books are eeen as his masterpiece, although they are not his favourites. Interestingly, he cited *The Coup* as a wittier and more ludic work. Rabbit Angstrom has been accused, he said, of harbouring thoughts rather too intellectual for his station in life. I told him my view of the *Rabbit* cycle, that there was nothing to compare with it in our time, and he replied by saying its success was surprising, because it had been written in an off-hand, casual fashion.

The *Rabbit* books, like much of his work, deal very straight-forwardly with sex. I asked about this, how to deal with sex being a problem writers often ponder: "Insofar I had a mission, I did see this as a frontier. My idea was to try to show it as it happened. I don't think I would have written the scenes with quite that enthusiasm now. But when you describe it, what you often come up with is a terrible sadness. This attempt to make contact, which only works for a moment. Pornography makes you feel wouldn't it be fun to go on, to screw everyone. A good description of sex makes you feel just as mixed up as real sex. That was my thought."

Finally, I asked him if he has any feelings of inadequacy still. He said: "There is the faintly nagging feeling that, with all the mornings with your thousand words or whatever, either through cowardliness or absent-mindedness, you haven't found the very thing you were meant to say. You don't nail it."

And yet Updike is the writer who above all other in our time has made art out of the familiar, who has nailed the little details which lead us to the bigger truths. He has portrayed the puzzles, the trials, the rich human confusions, the religious aspirations, the small failures, the triumphs and the textures of American life like no-one else. In *In the Beauty of the Lilies*, one of the characters describes himself as experiencing "the world's spacious life accelerated by being funnelled through his narrow self." To my mind that could just as well be a description of Updike.

Our time was up. With a sense of loss, I walked him to his car on Boston Common. The stick people were everywhere, their obsessed, drawn faces heedless of my companion. But he, you can be sure, had generously noted them and their strivings.

■ *In the Beauty of the Lilies is reviewed by Ian McEwan tomorrow.*

John Updike: he has made art out of the human confusion of everyday life Justin Cartwright

Theatre/Alastair Macaulay

Beckett's 'Endgame'

Has the 20th century produced a greater playwright than Samuel Beckett? Certainly, as I watch his *Endgame* at the Donmar Warehouse, he seems to me its wittiest and its bleakest. And the combination of the wit and the bleakness is an enthralling, profound amalgam. The four people we see in *Endgame* are the dregs of humanity. Not only has life elsewhere apparently ground to a halt, not only are three of these four approaching the end of life, but also all four of them seem hardly ever to have lived.

"Do you believe in the life to come?" asks Clov. Hamm, his father, replies "Mine was always that." Listening to this exchange – and many others like them – we hardly know whether to laugh or gasp.

There are, I think, a hundred things wrong with Katie Mitchell's staging of *Endgame* and a hundred nuances missed, but they seem unimportant beside the fact that she has made *Endgame* utterly alive and remarkably accessible.

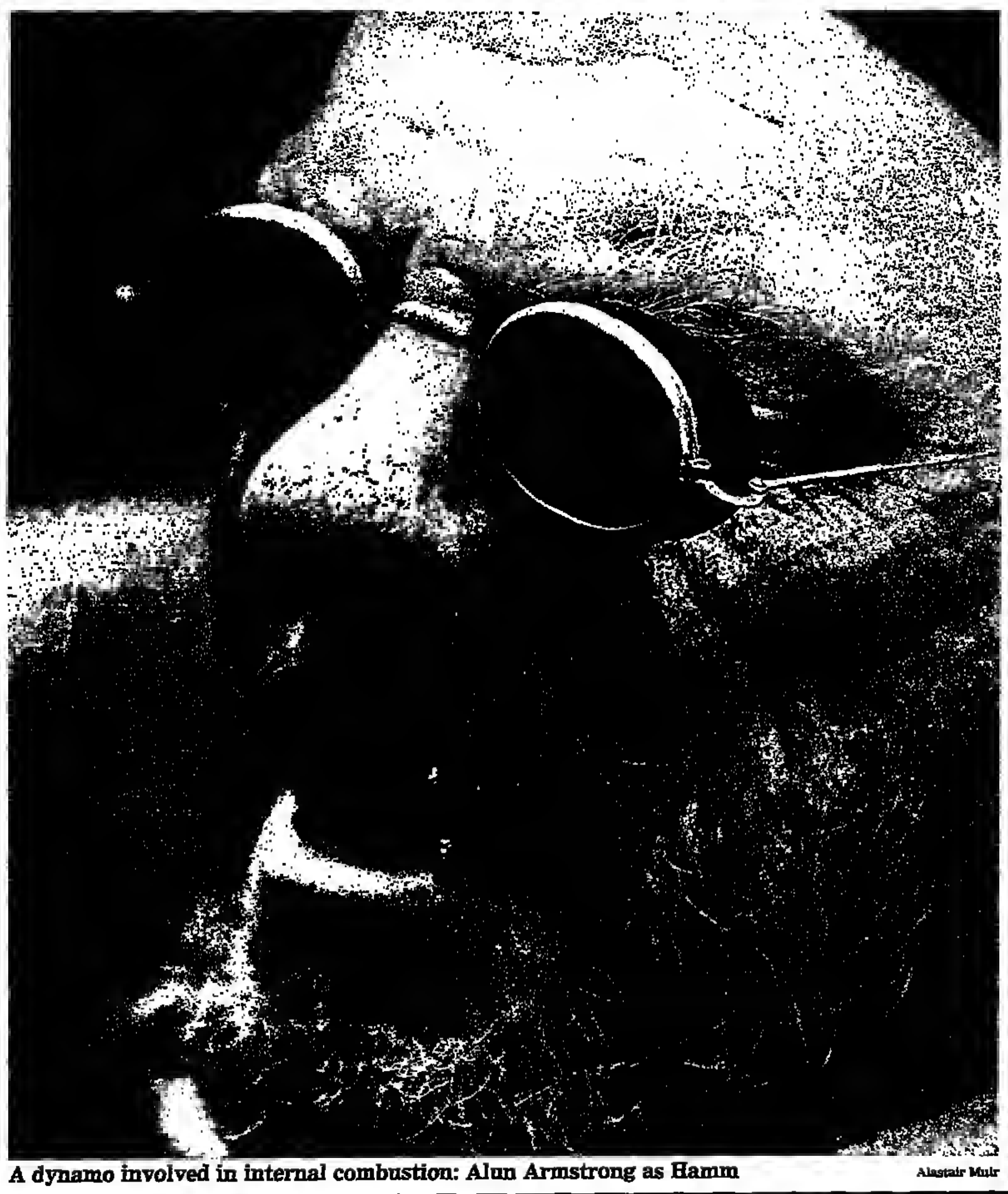
The intense restraint of Beckett style is often hard even for the best actors. Peter Hall once wrote in his *Diaries* of rehearsing Peggy Ashcroft in *Happy Days* with Beckett present: "unless she is allowed to feel it all very strongly, she will never know what she is hiding. But the slightest sign of feeling disturbs Sam..." In this *Endgame*, Hamm and Clov are played by two of our finest actors, Alun Armstrong and Stephen Dillane; and they have mastered all the feeling of the play without yet having learnt how to hide it.

This is especially obvious in physical terms. Armstrong employs a few slight arm gestures obviously too light and free for this character. Dillane (eyes wildly flickering from his haggard, bearded, face; body tilted beneath a hunchback and above a club foot; hands ceaselessly plucking at his dirty coat) is like some Dickensian, even Kafkaesque, caricature, producing a restless, though muted, intensity that sometimes distracts from the deadly irony of his lines. And yet both are splendid. Armstrong is mordant, harsh, a petty Prospero exerting the pettiest of tyrannies over his household and reflecting pettily on his unimportant art. He is a dynamo involved in internal combustion. And Dillane's whole persona, as ever, conveys alienation at its most wry. He speaks the whole role between *piano* and *pianissimo*, only hitting a light, high *mezzoforte* on one short painful line: "All life long the same inanities."

In the two smaller roles, Nagg and Nell, the same problem with Beckettian style is more apparent: too much feeling, too little nuance. And so, for example, when Harry Jones (Nagg) twice reminds Eileen Nicholas (Nell) of what she used, only yesterday, to be able to do for him, she says "Ah yesterday!" in a tone so suffused with sorrow that the wonderfully tender irony of the line is lost. Spoken impassively – Beckett's marking is "elegiac" – the line should become both funny and poignant, taking us way beyond Nell's own condition.

Rae Smith's set – a cobwebby, neglected room – is perfect; Chris Davey's lighting casts eloquent light and shadow upon the actors. Whatever flaws this production has are the commendable flaws of very fine actors trying to find the right restraint for this laconic play. But the production succeeds because the actors and Mitchell let Beckett's lines take us out of this one dirty shell of a room. Parents and children, dying and living, power and dependence: the play, shocking us with moments of recognition, keeps opening windows beyond itself. The greatest of Beckett's ironies is that his bleak vision of existence without redemption fills us with wonder.

Donmar Warehouse, WC2.



A dynamo involved in internal combustion: Alun Armstrong as Hamm Alastair Muir

Ballet/Clement Crisp

Baldwin, sleight of hand and foot

It is less platitudinous than it might seem to say that Mark Baldwin's choreographies are about dancing. Altogether too many of the dance experiments we see nowadays are turgid with "meaning" and their creators' messages about Life, Art, Sex, and the General Dreadfulness of Being. For them, making a dance is therapy, and I wish they would deal with it in private: they have neither the creative skill nor the wit to make their little offerings anything other than lumpen bores.

For Baldwin, the making of a dance seems a pursuit – often, if not always, fascinating – of movement that fixes for him (and for us) images that are as fleeting as thought. His is an art of allusion, of side-ways glances, sudden perceptions, sleight of hand and foot. Scale is small – aphorisms rather than epics – and the more welcome because of it. Movement bends, twists, goes off at a tangent, is unexpected. His programme at The Place as the week ended – part of the annual Spring Loaded jamboree – showed him at his best and (for me) his worst.

The opening *Homage* was done in silence – though Baldwin habitually uses serious music, and uses it well. It centres on the splendid Paul Old, whose ability to dance fast and true and to eel in and out of rhythms and shapes is an abiding pleasure, and surrounds him with little hints and fragments of activity. It is like a series of *haikus*, and fine. By Baldwin's newest piece, *Lash*, I am intrigued but not held. The ingredients are Rakhmaninov piano preludes, four girls, and Mohammed Ali's statement "I am not a boxer, I am a dancer." Given these, you might imagine what happens, and it is the work's failing that this is exactly what happens. I thought it too long for its own good, and inconclusive.

So was another recent piece, *Mirrors*, which uses Ravel piano music (in unappealing live performance) and skitters in and out of a murder mystery with little side-tracks into Renaissance painting. Baldwin's grass-hopper creativity – movement ideas springing off from other ideas; allusions sparking fresh imaginative flights – is always interesting. (Baldwin's own appearance, in the nude and on all fours as a faithful bloodhound, is typical of his dry jokiness.) But his language has a slightly over-extended air, as if thought has outstripped vocabulary, and the piece might with advantage be pruned. It is danced, as is everything in the evening, with splendid assurance by Shelley Baker, Lucy Bethune, Antonia Franceschi, Deborah Saxon, Vivien Wood and Paul Old: they are alert and mercurial as their dances.

The evening ended with *Vespri*, made a couple of years ago, which contemplates a Monteverdi score but allows its mind to wander. It is as if Baldwin were visiting an Italian church and then became distracted by the life of the city around him. It is a clever and touching piece, serious but not solemn, and it does not betray its score.

INTERNATIONAL

ARTS GUIDE

■ AMSTERDAM

CONCERT
Concertgebouw
Tel: 31-20-5730573
● Budapest Festival Orchestra: with conductor Ivan Fischer and pianist Zoltán Kocsis perform works by Liszt and Dvořák; 8.15pm; Apr 21
POP-MUSIC
Paradiso Tel: 31-20-6264521
● Willie Nelson: performance by the American country singer, featuring pianist Bobbie Nelson and guitarist Jody Payne; 9pm; Apr 20

■ BERLIN

CONCERT
Konzerthaus Tel: 49-30-203090
● Berliner Symphoniker: with conductor Alun Francis perform works by Haydn, Stravinsky and Dvořák; 4pm; Apr 21
DANCE
Staatsoper unter den Linden
Tel: 49-30-2082861
● Ballett unter den Linden: perform Heinz Manns's Sechs Tänze to music by Berg, Maryse Delente's Marco Zimmer to music by Wagner and Jorma Uotinen's Marie, er und ich to music by Pintscher; 7pm; Apr 20, 22, 23, 24
OPERA
Deutsche Oper Berlin
Tel: 49-30-3438401
● Martha oder Der Markt zu Richmond: by Von Flotow. Conducted by Sebastian Lang-Lessing and performed by the Deutsche Oper Berlin. Soloists include Halgrimson, Lukas and Bieber; 7.30pm; Apr 22

■ COLOGNE

CONCERT
Kölner Philharmonie
Tel: 49-221-2040820
● Duisburger Sinfoniker: with conductor Bruno Weil and violinist James Ehnes in an all-Mendelssohn programme, including the overture to Das Märchen von der schönen Melusine, Violin Concerto in E minor, Op.64 and excerpts from Ein Sommernachtstraum; 6pm; Apr 21

■ DUBLIN

JAZZ & BLUES
National Concert Hall - Geoláras Náisiúnta Tel: 353-1-6711888
● Tony Bennett: performance by the American singer, featuring the Ralph Sharon Trio; 8pm; Apr 22

■ HAMBURG

CONCERT
Musikhalle Hamburg
Tel: 49-40-346920
● NDR-Sinfonieorchester: with conductor Günter Wand perform Beethoven's Symphony No.4 and Symphony No.7; 8pm; Apr 21 (11am), 22, 23
OPERA
Hamburgische Staatsoper
Tel: 49-40-351721
● Tristan und Isolde: by Wagner. Conducted by Lothar Zagrosek and performed by the Hamburg Oper. Soloists include Heinz Kruse, Sabine Hass and Jürgen Freier; 5pm; Apr 21

■ LEIPZIG

CONCERT
Gewandhaus zu Leipzig
Tel: 49-341-12700
● Leipziger Kammkerorchester: with conductor Jörg-Peter Weigla and the Gewandhauschöre perform works by Shostakovich, Schnittke and Beethoven; 8pm; Apr 21

■ LONDON

CONCERT
St. John's, Smith Square
Tel: 44-171-2221061
● The London Symphony Chorus: with conductor Stephen Westrop, mezzo-soprano Hilary Summers, tenor Bonaventura Bottone, bass Peter Sidholm and pianist Stephen Betteridge perform works by Verdi and Rossini; 7.30pm; Apr 20
Wigmore Hall Tel: 44-171-9352141
● Stephen Hough: the pianist performs works by Scarlatti, Schubert, Bowen and Chopin; 7.30pm; Apr 20
EXHIBITION
Institute of Contemporary Arts - ICA Galleries Tel: 44-171-9303647
● Pandaemonium: in film's 100th year, this display celebrates the versatility of the moving image - both on and off the screen. The exhibition explores the ever-increasing cross over between artists and film makers, tha gallery and the cinema. The display includes works by Michael Curran, Jaki Irvin, Keith Tyson, Mark Wallinger and Gillian Wearing; to Apr 21
National Gallery
Tel: 44-171-7472885
● At Home with Constable's Cornfield: since it was acquired in 1837, Constable's Cornfield has become one of the Gallery's most popular and frequently reproduced paintings. This exhibition brings together reproductions of the picture in prints and on household objects; to Apr 21
The Hayward Gallery
Tel: 44-171-9604242
● Symbols for '51: the 1951 Festival of Britain, held on the site of the South Bank, commissioned artists, sculptors and designers to create new works to illuminate the festival'a dual themes of the 'People' and 'Land' of Britain. Eduardo Paolozzi, Barbara Hapworth, Henry Moore, Reg Butler, Jacob Epstein and Lynn Chadwick were among the artists who produced work for the site; to Apr 21
OPERA
London Coliseum
Tel: 44-171-8360111
● Tosca: by Puccini. Conducted by Alex Ingram and performed by the English National Opera. Soloists include Janice Cairns, David Rendall and Phillip Joll; 6.30pm; Apr 20, 25

■ MADRID

OPERA
Teatro de la Zarzuela
Tel: 34-1-5245400
● Falstaff: by Verdi. Conducted by Alberto Zedda and performed by the Teatro de la Zarzuela. Soloists include Bruno Praticò, Octavio Arévalo, Carlos Alvarez and Ilona Tokody; 8pm; Apr 22

■ MELBOURNE

CONCERT
Concert Hall Melbourne
Tel: 61-3-6848484
● The Australian Brandenburg Orchestra Ensemble: with soprano Emma Kirkby perform works by J.S. Bach and Handel; 8.15pm; Apr 22

■ NEW YORK

CONCERT
Alice Tully Hall Tel: 1-212-875-5050
● Ensemble Modern: with conductor John Adams perform works by Zappa, Nancarrow, Varèse, Rihm and Shark; 8pm; Apr 20
EXHIBITION
The Metropolitan Museum of Art
Tel: 1-212-879-5500
● Genoese Drawings and Prints: exhibition ahowing a selection of about 110 drawings and prints by Genoese artists of the 16th to 18th century, with particular emphasis upon the work of Giovanni Castiglione; from Apr 23 to Jul 7

■ PARIS

CONCERT
Salle Pleyel Tel: 33-1 45 61 53 00
● Orchestre de Paris: with conductor David Robertson and pianist Richard Goode perform works by R. Schumann, Webern, Schubert, Berg and others; 8.30pm; Apr 24, 26
DANCE
Théâtre de la Ville
Tel: 33-1 42 74 22 77
● Sub Rosa: a choreography by Carolyn Carlson to music by Bryars, Piazzola, Lurie and others, performed by the Ballet Cullberg; 8.30pm; from Apr 23 to Apr 27

■ ROME

CONCERT
Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064
● Orchestra dell'Accademia di Santa Cecilia: with conductor Yuri Temirkanov perform works by Debussy, Ravel and Rachmaninov; 5.30pm; Apr 21, 22 (9pm), 23 (7.30pm)

■ STOCKHOLM

CONCERT
Stockholms Konserthuset
Tel: 46-8-7860200
● Filharmonikerna: with conductor Heinz Wallberg and the Mikaeli Kammarkör perform works by Palestrina, Bruckner and Bäck; 3pm; Apr 20

■ VIENNA

CONCERT
Konzerthaus Tel: 43-1-7121211
● Christoph Eschenbach and Tzimon Barto: the pianists perform works by R. Schumann/Debussy, Ravel and Messiaen; 7.30pm; Apr 21
OPERA
Wiener Staatsoper
Tel: 43-1-514442960
● Die Walküre: by Wagner. Conducted by Donald Runnicles and performed by the Wiener Staatsoper. Soloists include Waltraud Meier, Hildegard Behrens, Siegfried Jerusalem and Kurt Rydl; 4pm; Apr 21

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European Money Wheel

18.00
Financial Times Business Tonight

COMMENT & ANALYSIS

Philip Stephens

Buy now, pay later

The private finance initiative would allow a future Labour government to increase public spending without raising taxes

We all know there is one really serious question left for Tony Blair. How would a Labour government pay for better public services without raising the tax burden on middle-income Britain? Hard to believe, but the Conservatives seem intent on providing him with the answer.

In its familiar but still-potent challenge over Labour's tax and spending plans lies the government's last slender hope of clinging to power. As they lurch from Thatcherite right to One-Nation left in a vain quest to redefine Conservatism, ministers know in their hearts that fear is all they have left. So civil servants across Whitehall have been told to put a price tag on every pledge, ambition and half-formed aspiration ever voiced by anyone who could be said to speak, however remotely, for Labour.

Some time soon the ministers will aggregate the figures, multiply the total by any number they care to think of, and proclaim that a Blair administration would empty the pockets of every taxpayer in the land. The arithmetic will be phoney, but, for as long as Mr Blair refuses to spell out his tax plans, it will have some resonance. I have yet to meet the voter who thinks a Labour government would spend less.

How ironic then that the government has offered Mr Blair an escape route, a tailor-made scheme which allows him to assure the nation that crumbling schools, decaying inner cities and overcrowded hospitals can be rebuilt without an extra penny piece from those swing voters in middle England. How piquant that the very same wheeze fits neatly with Mr Blair's determination to break once and for all his party's historical obsession with the demarcation lines between the state and the market.

This latter-day philosopher's stone goes by the name of the the Private Finance Initiative, the PFI for short. Do not be misled, though, by the Whitehall jargon or by the superficial complexities of a scheme designed to attract private-sector capital for public investment. As now constituted, the PFI is a blank cheque for a Labour government, a cheque signed in advance by the Conservatives.

There is nothing much new about the principle at the heart of the PFI: that the state should harness the capital, skills and incentive structures of the private sector to the cause of better public provision. The first major projects were conceived as long ago as 1981, with the publication by the Treasury of a report by Sir William Ryrie. The so-called Ryrie rules, since much-relaxed, provided the basis for building a third crossing of the Thames at Dartford and a second bridge across the River Severn.

For those of us without ideological hang-ups about the proper role of the state, there is nothing inherently strange about the extension of the concept from roads and bridges to schools, prisons and hospitals. If a private contractor can build and run a hospital more cheaply and effectively than the department of health, both patient and taxpayer should reap the reward. The government does not have to own the bricks and mortar to meet its obligations to provide decent schools or secure (and humane) prisons.

> We must take the government's word for it that it will be cheaper for the private sector to spend now and the state to pay later

We are talking big bucks here. Granted, the Treasury has tended to err on the side of optimism, but it estimates that within two or three years the government will have signed PFI contracts involving capital expenditure of some £15bn. That is £15bn less to be borrowed by the state, or more relevant for the present government, to be raised by taxpayers.

Too good to be true? Of course. The reality is that no-one, least of all the Treasury, has any idea whether the PFI will ultimately provide a good deal. The scheme has been designed for politicians in search of a free lunch. To that end, the likely cost has been deliberately obscured. But the bills will only begin to roll in five, 10 or 15 years hence.

In its present form the PFI was launched in the dark autumn of 1992. Sterling had just been ejected from the European exchange rate mechanism. The recession seemed ever deeper and the government's finances were hurtling headlong into deficit. It seemed a clever wheeze to perk up confidence by opening the doors to much greater private-sector involvement in renewing the nation's infrastructure.

What had been intended as a supplement to existing public investment, however, quickly became a substitute. Public borrowing was still too high and Mr Clarke needed to find money for tax cuts before the election. So, by the time of last November's Budget, Whitehall departments were being told that direct capital expenditure would be approved only if they demonstrated that the relevant project could not be financed through the PFI.

The most obvious effect on the public finances is to reduce spending now and replace it with a stream of future liabilities. A private contractor picks up the bill for the construction of, say, a new prison, while the taxpayer guarantees it an income spread out over the lifetime of the asset. Today's capital investment thus becomes tomorrow's current spending.

It is, of course, more expensive for a private company to raise the necessary finance. For the time being, the Treasury still has a better credit rating. But the theory has it that the additional cost will be more than offset by efficiency gains. By transferring the risk of operating the new facility, the Treasury also creates a further incentive for the contractor to keep down the cost.

The trouble is that the supposed savings are not quantifiable. We know that, like all off-balance sheet spending, the PFI flatters the official accounts. Future liabilities do not show up in the books. That, as far as the politicians are concerned, is the point. But, as the Commons Treasury committee concluded in a report earlier this week, we must take the government's word for it that it will be cheaper for the private sector to spend now and the state to pay later.

The details of contracts are hidden from parliament, as is the extent to which any risk is genuinely transferred from public to private sector. The Treasury pleads ignorance or commercial confidentiality. It seems there is no obligation on, say, hospital trusts to lodge centrally the details of potentially dodgy deals with local contractors. As for bigger projects, the mandarins declare that they cannot possibly give MPs the details of individual contracts. Forget accountability. Whitehall still knows best.

It is little wonder then that every time Labour is asked how it would repair the schools, rebuild the health service, or regenerate the inner cities, it grabs the PFI with both hands. I have a hunch, though, Mr Blair has a puritan streak. However convenient it is now to play the Conservatives' PFI game, when he gets there he may well decide there are better ways to run a government than by fiddling the books.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Part-timers are not competent to make rational merger judgments

From Mr David Sawers.

Sir, Your leading article did not go far enough in its condemnation of the Monopolies and Mergers Commission's apparent approval of the takeovers of Midlands Electricity by PowerGen, and of Southern Electric by National Power ("MMC blows its circuits", April 15).

It is not just a matter of the MMC reaching a perverse conclusion because the majority of the members of the relevant panel behaved as if they were implementing the old Labour party's industrial strategy of the 1970s and because the criteria by which the MMC operates give its members the freedom to decide almost anything they like. It is a matter of having judgments made by informed professionals rather than part-time amateurs, whose presence is supposed to ensure that executives are judged by their peers but is liable to mean the judgments are delivered by people who are inadequately informed, gullible, and favour the producer.

Decisions on monopolies and mergers demand more expertise than most part-time members of the MMC can be expected to acquire.

Inconsistency and error can never be eliminated from human activity, but they will be less common if judgments are made by people who spend all their time working on competition policy. The conclusion to be drawn from this electrical episode is, therefore, that the MMC should be abolished, and its role handed to an enlarged Office of Fair Trading.

The cases of ice-cream distribution and, now, electrical mergers have demonstrated the sheer incompetence of the MMC to reach informed and rational decisions on competition policy.

It is time for it to go.

David Sawers,
10 Seaview Avenue,
Angmering-on-Sea,
Littlehampton,
West Sussex BN16 1PP, UK

Planting the seeds of inevitable corruption

From Mr Chris Jones.

Sir, For the head of state of a democratic, mixed-economy country to decide that a single private sector company has a unique role to play in his country's future is worrying ("ANC to deploy top people in private sector", April 16). For that head of state to insist his party's secretary-general remains in his post and in parliament while taking up that company's deputy executive chairmanship is alarming.

I do not doubt the integrity of Nelson Mandela and Cyril Ramaphosa, but I do doubt their wisdom. By allowing the state, the ruling party, and large private sector companies to be linked through mutual control and interests, they are putting in place a system whereby future corruption is inevitable. Only by a clear separation of powers between state, legislature, political parties and the private sector can corruption be avoided.

It is a matter of grim necessity that Africa's premier economic power turns back from this disastrous course.

Chris Jones,
20 Antonine Gate,
St Albans,
Hertfordshire, UK

An uncertain smile from the Names

From C.R.W. Morley.

Sir, I am sure there will have been wry smiles from many Lloyd's Names at Samuel Brittan's "Some ruminations on risk" (April 11), distinguishing between risks (which are "calculable and can be insured against") and uncertainty. However, uncertainties are not necessarily ineligible for cover.

First, there is the uncertainty of whether particular events were really intended to be covered under policies underwritten by Names. Second, although the likelihood of an insured event taking place can be calculated, where an insurance premium is fixed without either the value to be assigned to an insured loss or a formula for calculating it having first been agreed, the degree of uncertainty is huge; unlimited liability with a vengeance.

C.R.W. Morley,
PO Box 11950,
Dubai, UAE

Landfill gas uneconomical

From Mr Philip Monaghan.

Sir, The notion of landfill gas as a source of renewable energy as part of the government's new "green" philosophy ("Tapping into landfill gas power", April 10), is misplaced. A better idea would be not to produce waste at all – or, at least, discourage it.

Instead of subsidising such uneconomic projects, capital should finance waste recycling technology. This is the only economically viable and environmentally sustainable option.

In the long term, this investment would provide greater economies of scale, as future European Union legislation tends towards taxation to discourage waste. Hence, capital needs to be channelled towards forward-thinking entrepreneurs.

Philip Monaghan,
83 Princes Street,
Perth PH2 8LH, UK

Buck stops with education providers

From K.A. Willson.

Sir, Your editorial "Better teaching" (April 9) rightly draws attention to the environment in which pupils learn at school. The buck has to stop with the providers – the teachers who are supposed to instruct according to their contracts which include the national curriculum, and the local authorities who should maintain the school's fabric. This has to be carried out within the budgets available.

All too often, local authorities have put off until tomorrow what should have been done today regarding normal maintenance and replacement.

By all means, let us have a General Teaching Council responsible for the evaluation and application of teaching requirements. The National Union of Teachers is not the right body to decide the method to carry out teaching policy. It is, after all, a union, which seeks to exploit its position for the benefit of its members. Industrial unions do not dictate what is designed and manufactured; why should the NUT?

Finally, how can a school pledge its assets in return for a commercial loan? Where is the collateral?

K.A. Willson,
Pinedale,
Broomrigg Road,
Fleet,
Hampshire GU13 9LS, UK

Europa • Dominique Moïsi

The allure of Gaullism

Chirac's foreign policy reflects a desire for France to play a more active role in world affairs

From the resumption of nuclear testing to a much criticised mission to mediate in Lebanon, France is returning to a highly visible foreign policy that evokes the spirit of General de Gaulle. But what is the meaning of Gaullism in the post-cold war era?

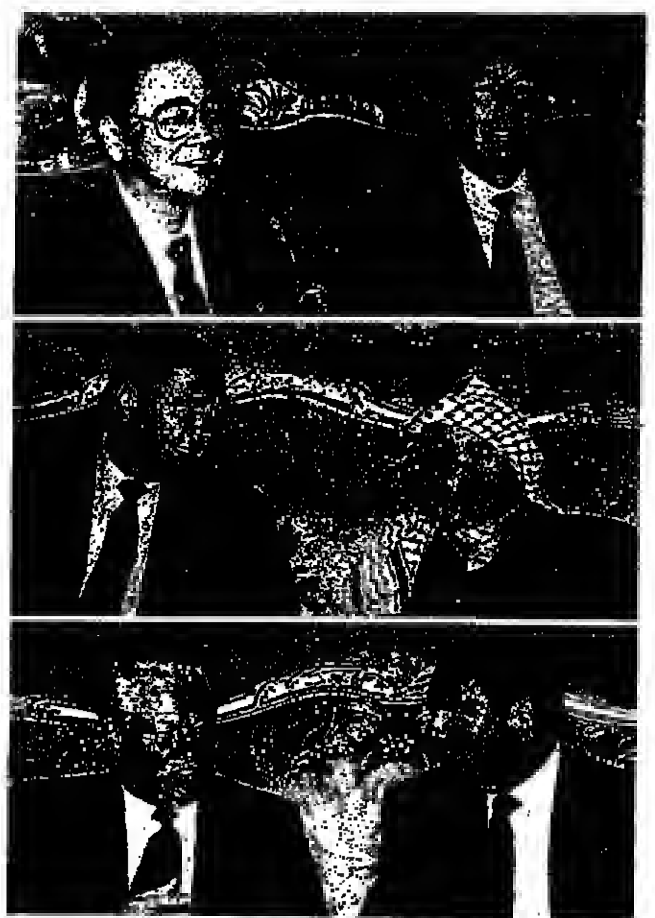
Some see it as no more than a style of foreign policy, combining energy, a desire to act and a readiness to engage in confrontation beyond what self-interest might regard as necessary. Others see it as a way of looking at the world which transcends the day-to-day events to capture the real trends in global politics.

Harsher critics see Gaullism as a more tragic phenomenon, a desperate, even futile, attempt to establish a role in a world in which France, a defeated country in 1940, is no longer a great power or even a truly significant actor. In this view, Gaullism encourages France to overreach itself by trying to play a role beyond its means with a combination of flamboyant style, rhetoric and political willpower.

Nearly one year after Jacques Chirac's election as president, the debate about the true meaning of Gaullism carries more than pure theoretical interest. Every day brings new signals of Mr Chirac's attempts to rejuvenate Gaullist formulas. *This is not mere image-*making but reflects his deepest personal instinct and character.

And it seems to work... at least with the French public. The polls show that Mr Chirac's essential message – which could be summarised as "France is back" – is popular with the French public. Foreign policy has helped the president transcend the social despair and economic pessimism which manifested themselves so spectacularly in the strikes last autumn.

From Europe to the Middle East, from Asia to Africa, France is engaged in a flurry of diplomatic activity. It is too early to say what the impact of this activist foreign policy will be. It has its undeniable charm and merits – but also its limits, contradictions and risks.



France is back: Chirac has welcomed a series of world leaders to Paris (from top: with Li Peng, Yassir Arafat, Boris Yeltsin)

It will be tempting to call Jacques Chirac "Mister plus" since his foreign policy often adds up to little more than an assertive presentation of policy. And although he is not a *Europhile* such as Jacques Delors or François Mitterrand, Mr Chirac is pursuing, after some hesitation, a traditional pro-European policy. He is as convinced as his predecessor, that France can only play a global role through Europe – and for that to work, Europe needs economic and monetary union.

On security, with a realism that may have shocked some arch-gaullists within his own camp, Mr Chirac has come to the conclusion that more Europe tomorrow means more Nato today. He believes that a European defence policy can only be designed in the foreseeable future through close collaboration with the alliance.

On world politics, Mr Chirac has set out a series of policies on the leading issues. For example, France wants to strengthen links across the Mediterranean to prevent it from becoming a gulf between north and south. As tha wall has fallen between the eastern and western half of Europe, "a bridge must be built across the Mediterranean sea", Mr Chirac says eloquently.

This vision is reinforced by a willingness to relaunch France's policy of playing a leading role in the Arab world which this time does not have an anti-Israeli or anti-American dimension as in the 1970s. France does not want to specialise in being the privileged interlocutor of pariah states such as Libya, Iraq or Iran. But she thinks she can play a role in the region which is complementary to thet of the US, which tends to be too identified with Israel.

On Africa, France refuses to adopt the prevalent Afro-pessimism so popular about the continent. Instead, it advocates support for the political status quo and still vague formulas about the need for greater democracy.

On Asia, Mr Chirac wants to promote a critical dialogue with China, within the framework of a more active and global dialogue between Europe and Asia – fully acknowledging the region's importance for the 21st century.

Yet, there are clear limits to this approach. The first is the risk of not being taken seriously by others. "French agitation" is often met by the international community with a mixture of amusement and benign neglect – if not irritation.

If France wants to play the mediator in the Middle East and sends its foreign minister to tha region, will it really have any impact beyond its nuisance value? Can France truly make a difference when the prestige, means and sheer clout of the Americans are not enough?

The second danger is that of contradictions. Can France, so unilaterally, act in ways that negate what she preaches – the creation of a common European foreign and security policy? France's willingness to act on foreign policy is not shared by a majority of countries in Europe. Those thet do share this vision – such as the UK – see France as much as a competitor as a model.

But the ultimate risk is that of confrontation with the US, a country with a vision of partnership which ia often obscured by its instinct to take a leadership role. Things being what they are, France is condemned *to define herself* in foreign policy terms vis à vis, if not against, the US. The personal and positive chemistry that exists between Mr Chirac and President Bill Clinton whose style is so similar may not always suffice to suppress the tensions.

Like General de Gaulle when he returned to power in 1958, Mr Chirac is launching a series of new initiatives. Only time will tell if he will be as successful as his role model.

The author is deputy director of the Paris-based Institut Français des Relations Internationales and editor of Politique Etrangère. *He writes here in a personal capacity*

FINANCIAL TIMES

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Friday April 19 1996

Buba's timely cut in rates

The Bundesbank is a pragmatist sheep in monetarist clothing. That clothing may be useful for frightening inflationary predators. But the Bundesbank has never believed it is necessary to dress like a wolf all the time. The case for lower short-term interest rates looked overwhelming. Even the International Monetary Fund said so in its latest World Economic Outlook. The response – a reduction in the discount rate to a record low of 2½ per cent – should be good for Germany, Europe and the world economy.

In recent years the Bundesbank has become expert in explaining away erratic monetary numbers. Since its target is the annualised increase in broad money (M3) over the average of the last quarter in the previous year, figures tend to be particularly erratic in the first few months of a year. In March of this year, for example, annualised growth was 12.2 per cent. In the corresponding month of 1995 it was *minus* 2.5 per cent, while it was 15 per cent in March 1994. The last year in which monetary growth in March was anywhere near the target was 1993.

Given this experience, Mr Hans Tietmeyer, the Bundesbank's president, was right to argue that monetary growth could come into line with the target later in the year. The wider economic picture is far more important.

Consumer price inflation is running at below 2 per cent a year. Rates of interest on ten-year bunds are again below US levels and, at 6½ per cent, are low by historic standards. Gross domestic product shrank in the last quarter of 1995; it is thought to have done so again in the first quarter of 1996. GDP rose by a mere 5.1 per cent between the last quarters of 1991 and 1995, while February's industrial output was 8.8 per cent less than it had been three years before. On Wednesday, the trade-weighted effective exchange rate had depreciated 4.7 per cent since a year before, but remained well above previous levels – 10 per cent higher than in early 1992, for example.

This was indeed a time for a bold cut. In making it, the Bundesbank brought the discount rate to a level matched only once before, between December 1987 and July 1988. With a repurchase (or "repo") rate of 3.3 per cent, it also has room for further easing in short-term interest rates before the new floor is hit. But real short-term rates of interest would remain positive. This being so, further cuts in the discount rate are not inconceivable, though they must be highly unlikely.

More probable is a strong economy recovery this year and in 1997, not just in Germany, but throughout Europe. With the US economy expanding quite briskly and Japan recovering more strongly than expected as well, 1997 may well see robust synchronised growth in the world economy. If so, the Bundesbank's cut would be the last significant easing in this economic cycle, as it decides to don its strict monetarist coat once more.

Mad tactics

In the dispute with continental Europe over mad cows, the UK government has been inept and hypocritical. Given the present acrimony between the UK and the rest of the European Union, this series of misjudgments is unsurprising. However, it should take steps to correct them urgently; most important, it should drop its counterproductive plan, announced on Tuesday, to challenge the EU's ban on British beef exports in the European Court of Justice.

Since the outbreak of bovine spongiform encephalopathy (BSE), the government's handling of the problem has been consistently foolish. It should have moved more quickly to identify and slaughter sick cows, and pursue the causes of the outbreak – still unknown – more vigorously. It should have given more thought to its strategy before announcing last month that the possibility of a link with human brain disease seemed greater than had been thought. It should also not have sprung that announcement as a surprise on its bemused European partners.

There is no need to compound these errors by denying that neighbouring countries have a right to act. Their wish to reassure purchasers of European beef and protect their own beef industries, by banning British beef, is perfectly understandable. The UK of all countries can hardly disagree with such pursuit of enlightened national interest.

Since ministers have called for curbs on the jurisdiction of the European Court of Justice in response to recent decisions against them, the proposal to take this issue to it looks hypocritical. The UK has also repeatedly attacked Europe's Common Agricultural Policy, but now seems more than willing to receive any compensation. There are plenty of good reasons to criticise the CAP, but the government should not try to have it both ways.

Mr John Major, the prime minister, now plans to step up diplomatic pressure in meetings with EU leaders at today's meeting in Moscow of the Group of Seven leading industrial nations. He may be able to persuade the other governments to specify more clearly the criteria which would make British beef again acceptable. That could eventually prove helpful in bringing forward the date when exports resume.

But the government should realise that there is only one real hope if export markets are to be durably restored: eradication of BSE in British herds. Its suggested slaughter policy may eventually achieve that, though only if contaminated feed is, in fact, responsible for the disease.

The government has chosen to portray the sources of its troubles in the BSE fiasco as lying overseas. They do not. They lie at home. That is where the solutions are also to be found.

Italy's choice

The government that Italy needs is unlikely to be the one it is going to get when voters go to the polls on Sunday. It needs a government with a strong mandate to carry out major constitutional reforms. They should include a better electoral system, reinforcement of the executive powers of the prime minister, reform of the civil service, and a clearer federal structure, giving greater authority and initiative to the regions.

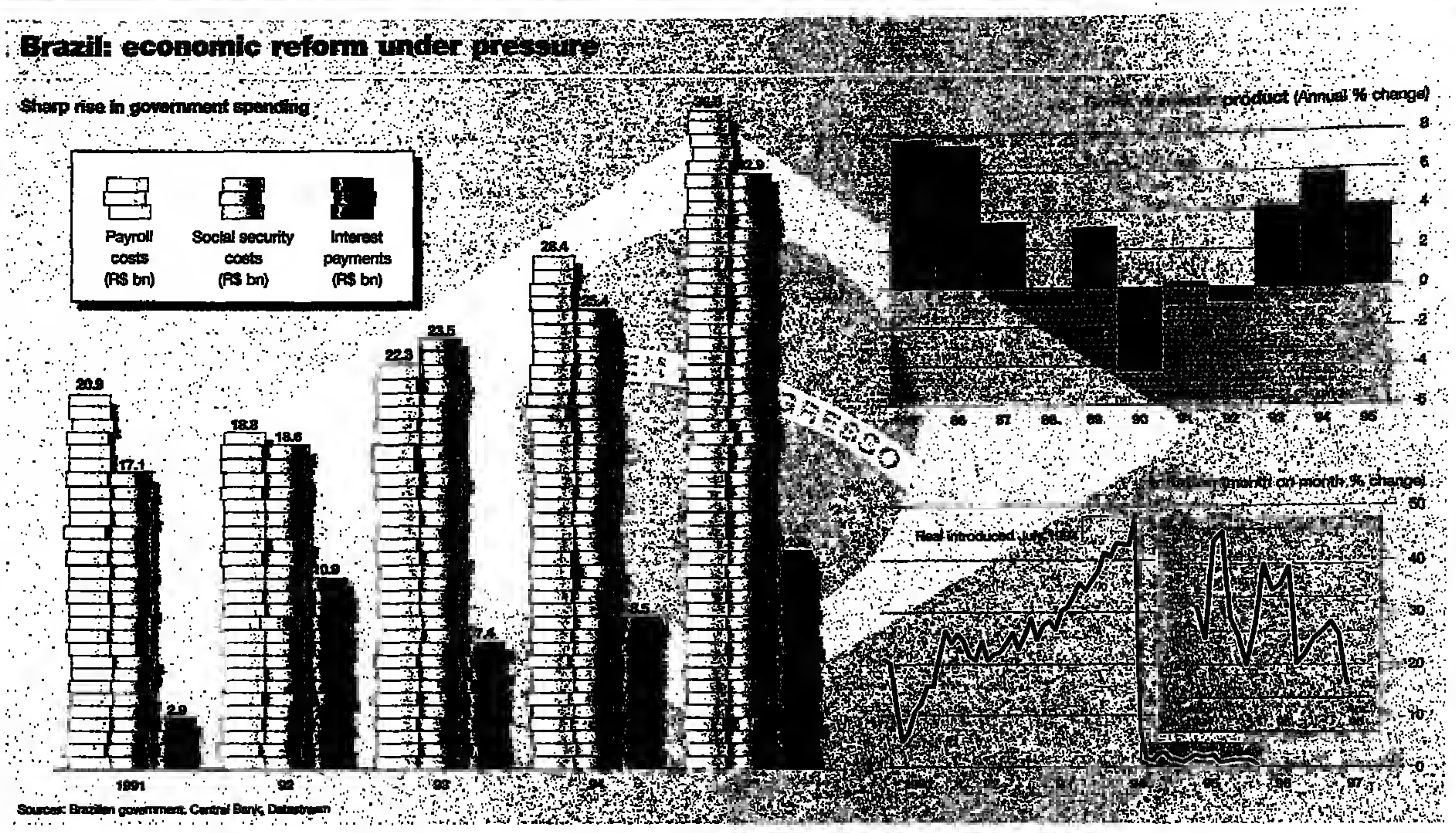
All the unofficial opinion surveys suggest the election will be a close-run thing. But the coalitions of the right and the centre-left are clumsy constructions, full of contradictions, and neither has offered clear policy alternatives. It would be surprising if a strong government emerged, simply because there are so many parties to choose from.

Italy has never had a government dominated by the left, and it is certainly not going to get one this time round. If the centre-left Olive Tree alliance gains a majority, it will be because it has taken the centre with it. That might soften the almost visceral fear in Italy of the left in power. It would nevertheless be an historic change, bringing former Communists into government. But the change might be more apparent than real, for the alliance is committed to the policies of budgetary discipline initiated by the technocratic governments since 1992.

Ironically, the financial markets appear to view the centre-left as more likely to form a responsible government, with better qualified ministerial material, than the Freedom Alliance on the right. There are obvious contradictions between the right-wing partners: Mr Silvio Berlusconi's Forza Italia espouses a free market philosophy in contrast to the corporatist, interventionist inclination of Mr Gianfranco Fini's National Alliance. They have failed to convince the markets that they have a clear policy on vital issues like privatisation, and they risk being financially irresponsible in making good their electoral promises of tax cuts and job creation.

If voters still opt for the right, it will demonstrate the instinctive conservatism of the Italian electorate, and the mistrust of the left, rather than a positive choice. For the right was incompetent in government in 1994. It can boast few qualified people as ministers, and it has shown little sign of learning from its mistakes. Mr Fini may have turned himself into a convincing democrat, but he is handicapped by a party which cannot forget its fascist roots.

Italy's European partners are unlikely to get the clear result they would like. The Freedom Alliance gives conflicting signals, at one moment favouring greater integration, at the next sounding nationalistic. The centre-left is at least consistent in looking to Brussels for the external discipline – especially financial – which Italy still fails to provide itself.



The pain after the profits

The bad debt and liquidity problems of many of Brazil's banks could undermine the country's economic recovery, says **Angus Foster**

President Fernando Henrique Cardoso likes to joke that Brazil's bankers, a traditionally unpopular bunch, have never had it so bad. After making big profits in the 1980s, banks have been hit by his victory over inflation, which cut financial gains, and by bad debts in a slowing economy.

But as the list of banking casualties mounts, the joke is wearing thin. Bank difficulties highlight some of the structural problems in the economy which Mr Cardoso is attempting to tackle, even though progress has been slow.

At least five important banks have run into serious problems since the launch in July 1994 of the Real, a new currency which reduced monthly inflation from double digits to just 0.23 per cent in March. Banks made money under high inflation from wide interest-rate spreads and from investing overnight deposits on which they often did not have to pay interest. When inflation and high interest rates fell, profits dried up. Several state-owned banks hit liquidity problems and one, Banespa, now needs a R$15bn (£10bn) refinancing.

The government's tight money policies last year, which were intended to cool an overheating economy, added to the banks' problems as bad debts mounted. Banco Nacional, taken over last year by rival Unibanco, stunned bankers when an accounting fraud was discovered. It may have involved more than R$4bn, or more than "four Barings" as Sao Paulo bankers joke.

Last month, the government-controlled Banco do Brasil, the largest bank in Latin America, announced it needed a capital injection of more than $8bn to make up for years of bad debts and political interference in its lending policies.

The government insists that these problems do not mean Brazil's banking system is at risk. Mr Cardoso points out that the banks' difficulties prove how successfully the government has handled inflation. "These problems are not new, it's just that they are appearing now because of the fall in inflation," he told foreign correspondents.

Most analysts agree that, with a couple of exceptions, Brazil's private sector banks remain strong. Banks such as Bradesco and Itaú, among the largest in the continent, are conservatively provisioned and act as a bulwark against any systemic crisis. Mr Fernão Bracher, a private sector banker in São Paulo, says that in cases like Banco do Brasil, the government should be praised for finally admitting the true scale of the problem. "How nice that transparency has arrived."

However, the various problems afflicting the banking sector could dull the expected economic recovery in the second half of the year.

The government is forecasting 4 per cent growth this year, compared with 4.2 per cent in 1995. Most is expected in the second half of the year, as falling interest rates take effect. Real annual interest rates have fallen from nearly 40 per cent a year ago, when the government feared rampant domestic demand would stoke inflation. But at the present rate of about 27 per cent, they are still extremely high by international standards. "We cannot expect international levels of interest rates with our inflationary history, and the Real's short track record," says Mr Gustavo Loyola, Central Bank president.

Some economists worry that uncertainty stemming from the banking troubles could threaten further rate cuts and lower economic growth. With important state-owned banks, such as Banco do Brasil and Banespa, involved in lending reviews and cost cutting, the credit needed for economic growth may be slow in coming. Morgan Stanley, the US investment bank, last month cut its growth forecast for Brazil's gross domestic product this year from 4.5 per cent to 3.1 per cent, and some Brazilian economists are even more cautious.

Lower than expected growth would spell bad news for tax revenues and the government's budget deficit, which last year reached nearly 5 per cent of GDP, its poorest performance since 1989. The deficit is expected to fall this year to about 3 per cent, mainly thanks to lower interest costs for the government's debt, but spending pressures continue to mount. The government's payroll costs, for example, doubled to about R$36bn between 1992 and last year. The capital injection at Banco do Brasil will add at least R$2.2bn to this year's budget.

Instability in the banking system is also complicating Mr Cardoso's already delayed reforms, which are needed to cut government spending and to modernise the economy. His opponents have tried to use concern about the banking system to stall Congressional voting on some reforms, many of which are unpopular. He also had to give up plans to privatise Banespa, owned by Sao Paulo's state government, to protect his coalition majority. Some analysts predict Brazil's banking problems will never be fully solved until the links between politicians and banks are broken.

Mr Cardoso wants to reduce spending pressures on the government's budget so central and state governments can revert to investing in areas like health and education, which were overlooked during the troubled 1980s. Last year, he announced ambitious social security reforms to stop early retirement and prevent special interest groups receiving inflated pensions.

He planned to lift the constitutional restrictions on firing public servants, whose wages eat up more than 90 per cent of some states' monthly tax revenue. He also promised to simplify the chaotic tax system and address labour laws which make hiring and firing expensive.

More than a year after these ideas were put forward, little has been achieved. Mr Cardoso made good progress in lifting state monopolies in the electricity and telecommunications sectors. But more controversial reforms like social security ran into opposition in Congress, where his coalition majority is weak and relies on shifting personal interests among political leaders, rather than ideological commitment.

The social security reform, which the lower house of Congress has passed but which still needs Senate approval, was last week put on hold after a court injunction questioned its constitutionality. The reform is still likely to go ahead, but analysts say government concessions to get the bill through Congress have stripped out most of its original ideas, including important proposals to encourage private pension funds and lift Brazil's low savings rate. "We'll have to try again in a few years," one official sighs.

Prospects for passing further reforms this year are complicated by municipal elections, due in October. Most of Mr Cardoso's ideas require constitutional amendments, which need the assent of three-fifths of both houses of Congress. In theory, his coalition has just over three-fifths of the votes in the lower house. But many supporters are likely candidates in the elections, and fear that approving controversial changes, like sacking civil servants, could be used against them. Faced with this problem, the reform programme may make little progress in the second half of the year.

Mr Cardoso's position is also weakened because he is expected, probably next year, to seek a constitutional amendment to allow him to run for re-election in the 1998 presidential race. The re-election debate will take attention away from reforms and give his opponents in Congress a strong bargaining chip.

Analysts agree Mr Cardoso is a talented builder of consensus who has managed to restart his stop-go reform programme in the past. But there are worries that, given the election calendar, he has acted too slowly and given up too much in order to keep his proposals on course. "He's paying a much higher price in Congress than he should or needs to do," says Mr André Lara Resende, a Sao Paulo economist.

Mr Cardoso's supporters insist that modernising Brazil must be a slow process because of the country's size and complicated political system. But the disappointing pace of reform so far, and the fact that rule changes in areas like tax and social security can take several years to take effect, mean delay is an expensive option.

This suggests lower economic growth, and companies are already blaming high borrowing costs for depressed profits and rising unemployment, which reached 5.7 per cent in February compared to 4.3 per cent a year ago. With the public sector in deficit, the government cannot risk lowering rates too far in case it stoked domestic demand, sucking in imports and raising worries about the current account deficit. This reached R$17bn last year, still only 3 per cent of GDP, which economists believe can be financed.

Most Brazilians continue to support Mr Cardoso in opinion polls, and remain enthusiastic about the Real and lower inflation. But the slow pace of reforms is affecting them too because it delays the government's ability to address Brazil's glaring social problems. The government's budget deficit problem, which the reforms are meant to address, is blamed for the country's poor education record, falling health spending and rising violence.

"You need strong growth to address our social deficit. If not, things can become complicated," says Mr Lauro Vieira de Faria, a Rio de Janeiro-based economist.

· OBSERVER ·

Olivetti's weighty type

■ Carlo De Benedetti, chairman of Olivetti, modestly admits that it was his very own idea to invite Giorgio Garuzzo to become deputy chairman of the Italian group, following Garuzzo's acrimonious resignation as chief operating officer of Fiat earlier this year.

Olivetti was looking for someone weighty to negotiate international alliances, when news came through that Garuzzo was fed up about being snubbed for the job of Fiat chief executive.

You would have to be pretty fed up to leave the newly profitable car manufacturer for a job at Olivetti, which this week announced a record net loss of L1,598bn.

But De Benedetti and Garuzzo are old friends and colleagues – indeed, *L'Ingegnere* took Garuzzo with him to Fiat in 1976 during his unhappy spell as chief executive of the auto group.

Over dinner recently, De Benedetti asked Garuzzo what he was going to do next.

"He replied he was going to play golf, and that he wasn't going to take on any more managerial responsibilities. And then I realised that I didn't want a manager, I wanted some one with the credibility and stature to negotiate on my behalf, who knew me well."

Garuzzo was appointed deputy chairman of Olivetti a month ago, but he has not yet started doing any deals. Too much golf, perchance?

There again, he may be busy – hardly a day goes by without Olivetti denying reports of an imminent personal computer alliance with Bull or France Télécom.

Prague party time

■ With a general election campaign imminent in the Czech Republic, a string of world leaders are swanning through Prague, lending moral support to their political favourites.

First up was John Major, who dropped in for dinner and a stroll on Charles Bridge the other night with Václav Klaus, his Czech counterpart. Next in line to waggle Klaus's hand will be Alain Juppé, the French premier, and the redoubtable Baroness Thatcher, a particular fan.

The irony of the prime ministerial visits is that Klaus is doing far better in local opinion polls than either Major or Juppé. Maybe they hope some of his magic will rub off?

The only question of the upcoming election is will Klaus's conservative Civic Democrats remain just big, or become very big indeed.

Meanwhile, the ailing opposition Czech Social Democrats are said to be plotting a visit from UK Labour party leader Tony Blair. Blair has the right credentials to help the Social Democrats – he's racing ahead in the polls, despite having policies indistinguishable from those of Britain's conservative government.

Athlete's foot

■ All over Europe, the cry goes up – beware the affliction known as mad cow disease! Some Europeans already seem a little potty in their response to cow mania.

Take Germany for instance, where diplomats at the British embassy in Bonn have been kept busy fielding calls left, right and centre, trying to calm what one described as "a self-fulfilling anxiety chain".

The diplomats can consider themselves lucky. One anxious German recently rang the agriculture ministry in the northwestern state of North Rhine-Westphalia. He had a question: was it, or was it not, safe to wear British-made leather shoes?

Whether the caller's concerns were assuaged by the ministry in Düsseldorf remains unclear. Careful how you lounge in that leather armchair...

Poor outlook

■ Who says accountants are boring people with no sense of imagination, no vision of the future?

Glen Peters, who styles himself a "business futurist", happens to be a partner in Price Waterhouse in the UK. He's written a book called *Beyond The Next Wave*. This is not, as you might think, a surfer's manual but a "vision of the next 20 years".

The extravagantly named Faith Popcorn has been doing a decent business-astrological performance from her US base for years. Peters has spotted an upwards trend – Popcorn seems to do very nicely – and, with a creative flourish, has climbed aboard.

So what are his visions of the next two decades?

Observer has had a taster. One of his suggestions is that the world will be – wait for it – divided into the rich and the poor. Another is that the nature of the family will have changed beyond all recognition. Yet another is that we will experience "water wars" as dry countries fight each other for H_2O.

Powerful stuff.

Block and tackle

■ Two catamarans – named "One two three" and "Un deux trois" – raced each other across the Channel.

Which won?

One two three, because it completed the course. The Un deux trois cat sank.

The Financial Times

100 years ago

G.W. of Brazil Railway

Very disappointing is the report of the Great Western of Brazil Railway, though the circumstances which rendered the results of the past year unfavourable appear to have been mainly beyond the control of the management. The decrease in freight traffic is attributed to heavy rains, which delayed the crushing of cane, and the rise in expenditure mainly to an increase in wages which was forced upon the company by a strike.

Argentine railways

The Central Argentine Railway carried about a third less wheat last year, but the amount of maize carried rose from 32,000 metric tons to 303,000 metric tons, and there were large increases in linseed, lime, timber, sugar, linseed, liquors and general goods. The chief items in which the company did not do so well were wool, hay and hides. The excellent results shown by this company are not quite equalled by the Buenos Ayres and Rosario. Nevertheless, this line carried 5 per cent more goods than in 1894, and its passenger receipts increased by over 8 per cent. Considering that the cereal harvest in the district served by the Company suffered heavily from hail and locusts, the showing made in the report must be considered decidedly satisfactory.

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FINANCIAL TIMES
Friday April 19 1996

Moscow plans buy-back of top company shares

By Chrystia Freeland in Moscow

The Russian government plans to buy back shares in some of the country's most valuable companies, which were privatised under a controversial scheme last autumn.

The measure was ordered by Mr Victor Chernomyrdin, prime minister, at a cabinet meeting yesterday. Although Mr Chernomyrdin insisted the government was not backing down from privatisation in general or from the shares-for-loans scheme in particular, the plan could raise fears about the security of property acquired through privatisation.

The move is seen as an effort to counter widespread criticism of the contentious shares-for-loans privatisation programme, which has become useful ammunition for the Communist party in the run-up to June presidential elections.

Government officials said the state would seek to buy back its original holding in three of Russia's leading oil companies and in Norilsk Nikel, the world's major producer of nickel.

As the election draws nearer, many government figures, led by President Boris Yeltsin, have shifted away from reformist policies towards the more popular leftwing agenda of the Communist party. One cabinet minister has called for outright renationalisation of most of Russia's blue chip companies, and at yesterday's cabinet meeting one senior official openly called for the government to pursue a policy of "nationalisation" and "confiscation".

But yesterday's planned measure is not, strictly speaking, renationalisation. When the state transferred its stake in the companies to private owners last autumn, it reserved the right to buy back the shares by repaying the "loan" the private bidders had offered by September 1.

But most participants in the shares-for-loans auctions assumed the cash-strapped Russian government would not find the money to repay the debt and that the control of the companies would remain in private hands.

In the turbulent weeks ahead of the election that certainty has vanished. *Mr Alfred Koch*, deputy head of the state privatisation agency which conducted the initial auctions, said the government would seek to buy back shares in at least four of the 12 companies which were sold off under the shares-for-loans programme. The target list includes Yukos, Surgutneftegaz and Sibneft, three big oil companies, as well as Norilsk Nikel.

Mr Koch said the commercial banks, main beneficiaries of the shares-for-loans scheme, might also agree to an extension of the deadline for a government buy-back until the end of the year.

In addition to Communist critics, the shares-for-loans programme has been attacked by *some market reformers in Russia* and the west who viewed it as an opaque process designed to enrich government insiders.

Clinton ends visit to Japan as trade gap falls

By William Dawkins in Tokyo

Japan bade farewell to visiting US President Bill Clinton yesterday by reporting a 27 per cent fall in its politically sensitive trade surplus with the US for the year to March – showing for the first time it sold more to Asia than the US and Europe combined.

At the end of his three-day visit Mr Clinton reminded Japanese MPs that the importance both sides placed on their security alliance did not diminish the US desire to see more progress in opening the Japanese market.

Mr Clinton's address to parliament, the first by a US president since 1983, was mostly devoted to reaffirming the US-Japan security partnership, the main subject of his summit on Wednesday with Mr Ryutaro Hashimoto, prime minister. He appealed to Japan to "forge a partnership for leadership" with the US, but also observed that bilateral trade relations "were not free of friction".

The decline in Japan's surplus, confirmed by yesterday's data, has helped Washington tone down demands on Tokyo and eased pressure on the yen. The overall trade gap shrank by 18.4 per cent to $96.2bn, *the second* year of decline.

Exports overall rose 7.7 per cent to $440.1bn, with sales to Asian countries up nearly 17 per cent to $192.8bn, surpassing Japan's exports to the US and *Europe for the first time* since the ministry started comparable records in 1971. Japanese sales to the US and Europe reached $188.8bn.

However, Japan's export growth was outstripped by an 18.4 per cent rise in imports to $343.9bn.

Part of the change in the balance of trade is also attributed to the consequence of last spring's sharp rise in the yen's value, to a record Y79.75 to the dollar – cutting the yen price of dollar-based imported goods.

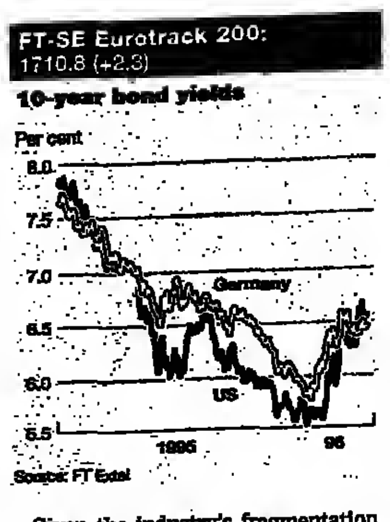
With a now weaker yen, just under Y108 to the dollar yesterday, some economists believe the rate of import growth might slow. That view was supported by yesterday's data showing that imports rose 10 per cent in March, slower than the average growth of the previous year. However, a ministry official said it was too early to judge whether the trend of import growth was slowing.

Stefan Wagstyl, industrial editor, adds: In a move which will help ease US concerns about the trade deficit with Japan, Tokyo Electric Power, tha slectricity ntility, announced a $500m order for US-made equipment during *Mr Clinton's visit. It is awarding* a contract to design and build a 1,400 megawatt gas-fired power plant to General Electric, the engineering group – the Japanese group's third large order from GE.

THE LEX COLUMN

Bundesbank balance

The Bundesbank's aggressive half-point discount rate cut yesterday managed to please both the international markets and the domestic audience. By underlining its determination to help fuel German economic growth and damp down the D-Mark, the central bank gave the appearance of putting domestic considerations first. But it managed to do so without sacrificing any credibility in the eyes of the international markets.



By leaving the repo rate unchanged, the central bank lent credence to its claim that it is still committed to using money supply as its main yardstick – and allowed the market to cling to the hope of further bond price gains, even though this discount rate cut is viewed as the last in the cycle. In fact, even though the next move is likely to be up, this is not yet on the horizon, given the weakness of the German economy.

All this means that for the time being there is no reason for German bond yields to move back above US Treasury yields – though they are likely to to be dragged higher by US yields, if the US market continues to weaken. Equally, though, the current gap of around a ¼ percentage point is unlikely to widen much further, as the hund market is still overshadowed by the prospect of European monetary union further down the road.

Pharmaceuticals

First-quarter results from the world's big drugs companies show the industry's recovery during 1995 was no fluke. Merck, Warner-Lambert and Schering-Plough of the US yesterday reported sales increases of 13-19 per cent. Sandoz in Switzerland recorded a 9 per cent rise in underlying drug sales and SmithKline Beecham, despite a weak flu season, managed 6 per cent. Across the industry, volume growth is running *in* double figures – three years ago it was negligible.

One reason for this is a series of prodnct launches. New medicines, such as Merck's cholesterol-lowering agent Zocor and Pfizer's Norvasc heart treatment, are growing rapidly. Even in today's cost-conscious environment, innovative products can command premium prices. As important has been a growing understanding among powerful managed care buyers that drugs are often the most cost-effective treatment. Some of those managed care organisations which tried to save money by restricting the choice of drugs available to patients have actually seen healthcare costs rise due to longer hospital stays and increasing admissions.

Given the industry's fragmentation, consolidation will continue to feature. But buoyant organic growth coupled with high share prices suggests the emphasis will switch further from takeovers to mergers and asset swaps.

European cars

Peugeot-Citroën has emerged as the latest in a long list of victims of a dour European car market, with operating profit margins almost halved last year. At least it achieved a profit, unlike arch-rival Renault, but its cut in an already parsimonious dividend speaks volumes about the immediate outlook.

Investors may havs gained some comfort from the strong pick-up in European vehicla sales in the first quarter, hnt heavy discounting to *clear stocks means the rest of the year* will be disproportionately sluggish. Car sales growth is unlikely to exceed 3 per cent this year, compared with 7 per cent in the first quarter. Even in France, where an 8 per cent increase suggests respite from the gloom, growth has been in smaller cars where margins have been stripped to tha bone.

With only a small sales upturn expected in 1997, the winners among the manufacturers will be those with the best new models and lowest costs. Fiat looks well placed, while Volkswagen's restructuring has countered the strong D-Mark, and its revamped Polo and Audi A4 series are performing well. The *franc fort*, however, will continue to hurt French carmakers, at a time when their domestic market will remain subdued.

UK economy

Britain's government keeps promising to bring its public sector borrowing requirement (PSBR) down to zero within a few years. Mysteriously, this admirable ambition seems to be endlessly deferred. Yesterday's news that last year's PSBR totalled £32bn after three years of robust economic growth is a case in point: 18 months ago, the chancellor was cheerily claiming the figure would be down to £21.5bn by now. Ah yes, replies the government, but it is not our fault: public spending is under control; the real problem is a mysterious shortfall in tax revenues. So what? If the government's fiscal policy is too lax, the fact that it is accidental is irrelevant.

The figure is worrying for three reasons. First, measuring the PSBR no longer tells the whole story. The government is spending growing amounts through its private finance initiative, much of this is borrowing by another name, but is not counted in the statistics. Second, whatever the tax system's structural problems, the chances of much fiscal tightening in the next, pre-election Budget look minimal.

Third, the government is also unlikely to put interest rates up before the election – despite asset prices and the money supply growing strongly. For gilts, the combination of lax fiscal and monetary policies over the next year looks a pretty noxious cocktail.

RMC Group

Despite yesterday's profits warning, RMC still looks one of the best bets in the building materials sector. The difficult market conditions wbicb prompted the warning are afflicting the whole industry. RMC is exposed to both the sharp drop in demand in Germany and the poor UK housing market. But there is reason to hope that any downturn will be short-lived.

The bad winter and a strong performance last year are exacerbating RMC's underperformance in the first half. The second half should look better, partly because the comparison is against a weaker half last year, and partly because the UK housing market is now showing real signs of picking up. And after yesterday's rate cut, even the grim German market looks closer to an upturn.

Still, this year's profits may well come in below last year's record. The argument for sticking it out is that the RMC management has a strong track record and the shares look relatively cheap, at only a slight premium to the sector. Furthermore, since the sector has so far underperformed the housebuilders, there is probably further scope for recovery, as the UK market picks up.

European parliament urges changes to unit pricing law

By Caroline Southey in Strasbourg

The European parliament has agreed to ease the burden on small businesses by allowing a six-year period of grace to a proposed new pricing system which *insisted that goods be* marked per unit of weight or volume.

The dual-pricing system was designed to make it easier for consumers to compare prices of packaged goods, such as jam, ice cream and soap, by obliging shopowners to provide both the selling price of the item and the price per unit of quantity.

A concerted campaign by retailers argued that the law would impose heavy costs on shops and put many out of business. In response, the parliament has asked the European Commission to draw up a cost assessment of the system as a precondition to implementation.

MEPs also extended the transition period from 2001 to 2003 for small businesses "where unit pricing is likely to constitute an excessive burden".

Mr Stephen Alambritis, spokesman for the Federation of Small Businesses which represents 90,000 British companies, said: "*This is definitely a step in the* right direction and we welcome the more flexible approach."

Consumer organisations also welcomed the parliament's proposed changes. "The parliament has found a medium way to balance the interests of consumers and small and medium-sized enterprises," said Ms Caroline Kerstes, a legal adviser for BEUC, a pan-European consumers' organisation.

The measure will be considered by consumer affairs ministers next week when it is likely to be substantially spproved because the consumer and business organisations accept it.

The law would allow member states to exempt certain goods if they considered that using the new system would be meaningless. In the case of non-food products, member states will have to draw up lists of products whose unit price need not be indicated.

The parliament also voted to extend *the list of exceptions*, voting to exclude food sold in hotels, cafes, restaurants, schools and hospitals. They also want mobile vendors, products sold in vending machines and sales by auction excluded from the directive.

Anticipating the introduction of a single European currency, the proposed directive says that in a transitional period just after its introduction, shops would have to display three prices – the selling price in the national currency as well as the selling price and the unit price in the singls currency. The directive would also allow enough leeway for member states to keep commonly used measuring units.

Lebanon

Continned from Page 1

voices to international concern, while Egypt said yesterday's attack was a "violation of humanitarian and of international law". UN officials said two 155mm Israeli artillery shells slammed directly into two shipping containers used as makeshift shelter for 500-plus refugees who had *field their villages* in the wake of Israel's bombardment and sought safety within UN walls. The base was the headquarters of the Fijian contingent to Unifil, the UN peacekeeping operation in south Lebanon.

Paris seeks to raise $27bn

Continued from Page 1

sovereign debt (SVTs). Yesterday it asked the same institutions to formally present their proposals for the structure and terms of the deal.

The financing is particularly challenging because of the tight deadline that the Caisse d'amortissement de la dette sociale (*Cades*), *the new body now being* set up to manage social security debts, is facing.

A six-month bridge loan granted by the Caisse des Dépôts et Consignations must be repaid on June 28, by which time the restructuring process must be completed.

Given the time constraint and the French Treasury's wish not to upset market participants by flooding them with new bonds, observers estimate that spproximately FFr20bn could realistically be raised in the domestic market before the deadline. Assuming favourable market *conditions in world capital mar*kets, the equivalent of a further FFr50bn could be borrowed on the international bond market.

In addition, the Cades will have to raise FFr90bn to FFr120bn in alternative financing.

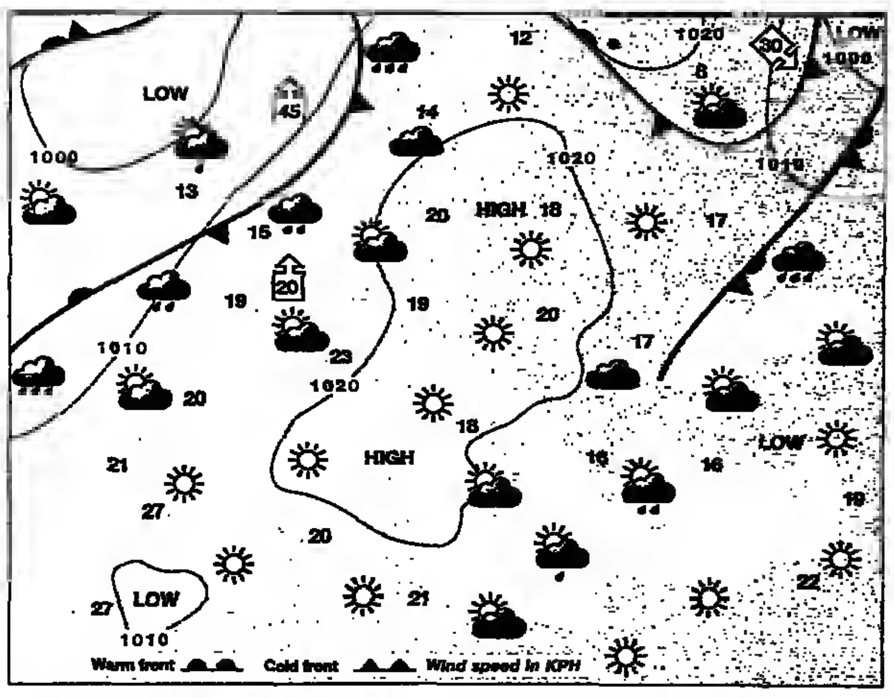
FT WEATHER GUIDE

Europe today

A senes of lows between Iceland and Scotland will cause windy, overcast conditions across the British Isles and along the Norwegian coast. England will have prolonged rain and Brittany and north-west Spain will be overcast. The remainder of the Iberian peninsula and France will be mainly sunny. The Benelux and Denmark will be cloudy, while the southern Balkans can expect sunshine but will be cool. South-west Greece will have showers and Turkey will be cool, with sunshine in the south. The Black Sea region will be overcast, with some rain in the Crimea.

Five-day forecast

Dry conditions with sunny periods will be widespread from the south-eastern Mediterranean to the Black Sea region. An extensive area, from Italy and across the Balkans to the Baltic states, will be warm and sunny. France, Germany and the Benelux will have frequent sunny periods, while the UK will remain unsettled.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius																			
			Beijing	sun	16	Caracas	cloudy	30	Faro	cloudy	21	Madrid	fair	24	Rangoon	fair	37
			Belfast	fair	13	Cardiff	rain	13	Frankfurt	cloudy	22	Majorca	sun	18	Reykjavik	cloudy	8
Abu Dhabi	sun	32	Belgrade	fair	18	Casablanca	fair	21	Geneva	fair	21	Malta	fair	18	Rio	cloudy	26
Accra	cloudy	32	Berlin	fair	20	Chicago	shower	21	Gibraltar	fair	20	Manchester	rain	15	Rome	sun	18
Algiers	sun	21	Bermuda	fair	19	Cologne	cloudy	21	Glasgow	shower	13	Manila	cloudy	33	S. Frsco	cloudy	17
Amsterdam	cloudy	17	Bogota	cloudy	19	Dakar	sun	25	Hamburg	cloudy	19	Melbourne	shower	17	Seoul	fair	12
Athens	fair	16	Bombay	fair	34	Dallas	sun	31	Helsinki	cloudy	11	Mexico City	fair	24	Singapore	cloudy	32
Atlanta	shower	24	Brussels	cloudy	19	Delhi	sun	36	Hong Kong	rain	25	Miami	sun	29	Stockholm	sun	17
B. Aires	sun	20	Budapest	sun	20	Dubai	sun	31	Honolulu	fair	30	Milan	sun	20	Strasbourg	fair	22
B.ham	rain	15	C.hagen	fair	14	Dublin	cloudy	13	Istanbul	cloudy	13	Montreal	rain	11	Sydney	fair	21
Bangkok	fair	39	Cairo	sun	22	Dubrovnik	sun	18	Jakarta	cloudy	32	Moscow	fair	8	Tangier	fair	23
Barcelona	sun	18	Cape Town	fair	21	Edinburgh	fair	13	Jersey	cloudy	14	Munich	sun	19	Tel Aviv	fair	21
									Karachi	fair	36	Nairobi	cloudy	28	Tokyo	cloudy	17
									Kuwait	fair	31	Naples	sun	18	Toronto	rain	13
									L. Angeles	fair	20	Nassau	sun	28	Vancouver	cloudy	13
									Las Palmas	fair	23	New York	cloudy	18	Venice	sun	19
									Lima	fair	23	Nice	sun	20	Vienna	sun	19
									Lisbon	cloudy	21	Nicosia	fair	18	Warsaw	sun	12
									London	shower	17	Oslo	rain	12	Washington	fair	23
									Lux.bourg	fair	19	Paris	fair	20	Wellington	cloudy	17
									Lyon	fair	22	Perth	shower	27	Winnipeg	rain	5
									Madeira	fair	19	Prague	sun	20	Zurich	fair	20

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FINANCIAL TIMES
COMPANIES & MARKETS
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IN BRIEF

Swissair reports first net deficit

Swissair, the Swiss air transport group, reported a SFr147m ($120m) net loss for 1995 – the first in its history. This was mainly due to extraordinary provisions of SFr365m for restructuring. Page 16

BBV rises 19.3% in first quarter
Banco Bilbao Vizcaya (BBV), the big Spanish banking group, underlined its earnings potential with first-quarter attributable net profits of Pta19.8bn ($157.5m), 19.3 per cent up on those of the first three months of last year. Page 17

Japanese supermarket chains improve
Unconsolidated recurring profits – before extraordinary items and tax – at Daiei, Japan's largest supermarket operator, surged 2.4 times to Y25bn ($231m), while profits at Ito-Yokado, another chain, grew for the first time in three years. Page 18

US drugs groups' sales grow strongly
Warner-Lambert and Schering-Plough became the latest US drugs companies to report strong sales growth in the first quarter of the year. Warner-Lambert's sales of $1.83bn were 14 per cent higher than a year before, while Schering-Plough's revenues climbed 13 per cent to $1.4bn. Page 21

Correction
Glencore, the Swiss-based international trading group, was not involved in partnership talks with the financially troubled AIOC Corporation, as stated on Page 19 of yesterday's Financial Times. The group involved in the talks was the new Marc Rich trading organisation.

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				[illegible]	328.9	+	11.1
Rises				[illegible]	326	+	16
[illegible]	128	+	5.5	Skis Rossignol	1834	+	69
Karstadt	561	+	13	**Falls**			
Falls				AGF	137.5	-	5.1
Bilf & Berger	578	-	17	Fonc Lyonnaise	564	-	11
DLW	126.5	-	4.5	**TOKYO (Yen)**			
Lufthansa	490.5	-	13.5	**Rises**			
Linotype	115	-	5.2	Akebono Brake	650	+	32
NEW YORK ($)				Daishowa Paper	998	+	64
Rises				[illegible]	780	+	44
Gillette	52¾	+	3¾	[illegible]	674	+	47
Payless Shoe	35¼	+	6	**Falls**			
[illegible]	72¼	+	5⅛	[illegible]	620	-	23
[illegible]	27¼	+	7¼	Long Term Cred	861	-	34
Falls				**HONG KONG (HK$)**			
Network Equip	25½	-	3¼	**Rises**			
Park Electrchm	23¾	-	3¼	[illegible]	22.55	+	1.35
LONDON (Pence)				Kerry Prop	0.7	+	0.11
Rises				CPL Intl	7.95	+	0.4
Ashley (Laura)	180	+	10	**Falls**			
[illegible]	100	+	15	CP Pokphand	3.375	-	0.25
Jackson Group	46	+	10	[illegible]	2.4	-	0.25
Micro Focus	1168	+	303	[illegible]	5.5	-	0.35
Pavion	1010	+	78	**BANGKOK (Baht)**			
Symonds Eng	71	+	18	**Rises**			
TORONTO (C$)				[illegible]	100	+	8
Rises				[illegible]	84.5	+	4
Canwest Gbl	40.5	+	3	[illegible]	63.5	+	4.5
[illegible]	23	+	1.5	[illegible]	368	+	24
[illegible]	7.9	+	1.4	[illegible]	61	+	5
Magna Intl B	63.5	+	7.5	**Falls**			
Falls				[illegible]	85	-	5.5
[illegible]	23.75	-	2				
[illegible]	15	-	1				
PARIS (FFr)							
Rises							
CCF	244	+	6.3				

New York and Toronto prices at 12:30.

Aker shares jump 7% as chief resigns

By Hugh Carnegy in Stockholm

Shares in Aker, the Norwegian offshore engineering and cement group, jumped more than 7 per cent yesterday following surprise news thet Mr Tom Rund, chief executive, is to resign amid one of the most intriguing corporate power struggles seen in Norway.

Mr Ruud's departure, announced after a board meeting on Tuesday, was blamed on differences over strategy with Mr Gerhard Heiberg, chairman and Mr Rnud's predecessor as chief executive.

Mr Heiberg, best known as the organiser of the 1994 Lillehammer winter Olympics, said he wanted a more powerful expansion by Aker in its offshore construction business than Mr Ruud was pursuing.

Investors reacted enthusiastically, pushing up Aker's most-traded A-share by NKr9 to NKr130 yesterday.

But representatives of several big shareholders publicly distanced themselves from what they saw as the unwarranted removal of Mr Ruud, prompting speculation that Mr Heiberg might come under pressure to quit.

Neither he nor Mr Rund could be reached for comment yesterday. There was also no comment from Aker's biggest shareholder, Resource Group International, which this year bought a 28 per cent stake.

RGI is controlled by Mr Kjell Inge Rökke, a Norwegian entrepreneur who built his fortune in the fishing industry in Seattle. His companies are said to own one in every 12 fish caught in the world.

Mr Rökke has a seat on the Aker board but has given little public indication of his plans for the company.

Analysts in Oslo said they were puzzled by the affair as Mr Ruud, chief executive since 1988, was widely credited with having achieved an important restructuring of the group in the past two years.

Aker shares have risen by about 50 per cent in value in the past three months. Group profits in 1995 jumped 45 per cent to NKr1.09bn ($168m).

Despite Mr Heiberg's comments, Mr Rund was committed to expanding the oil and gas division, last month purchasing a 40 per cent share in Maritime, Group, a world-leading Norwegian maker of floating platforms, for NKr400m.

Mr Ruud, who will leave later this year, restructured Aker last year to insulate its core operations from a NKr2.3bn lawsuit against it and a subsidiary by insurers of an oil platform which sank in 1991, just after Aker had completed construction.

He then merged Aker's cement and building materials operations with Euroc, a Swedish cement group, to form a pan-Nordic cement group which is one of Europe's largest.

Mr Ruud oversaw the reorganisation of the oil and gas business to improve profitability.

BA and US carrier in code sharing deal

By Michael Skapinker, Aerospace Correspondent

British Airways yesterday unveiled an alliance with America West Airlines, but the deal could be blocked by the US which wants greater access for its carriers to London's Heathrow airport.

The two airlines have concluded a "code sharing" agreement which means that they can sell seats on each other's flights. BA already has a code-sharing agreement with USAir, in which it has a 24.6 per cent stake. America West's network in the western US will complement USAir's routes in the north-east.

Industry executives had expected BA to conclude a code-sharing deal with American Airlines, which is a far bigger carrier than America West.

The International Air Transport Association says that in 1994, the last year for which it has figures, American carried 66m domestic US passengers, compared with 18m for America West.

US officials warned earlier this year that they would consider blocking any deal between BA and a US airline unless outstanding UK-US aviation disputes were resolved, particularly over Heathrow. But Mr Robert Ayling, BA chief executive, said earlier this year that he saw no case for changing the aviation treaty between the two countries.

The two countries agreed last year that any code-sharing agreement would receive US government approval within 28 days and BA was confident the US would abide by this. US officials said they had received no notification of the proposed agreement yet but said it would be carefully vetted.

BA needs agreements with US carriers to counter the competitive challenge of Lufthansa of Germany, its closest European rival, which has an alliance with United Airlines, one of the biggest US carriers. It also needs agreements so that it can compete more effectively with other US carriers which use their vast domestic networks to feed passengers on to their international routes.

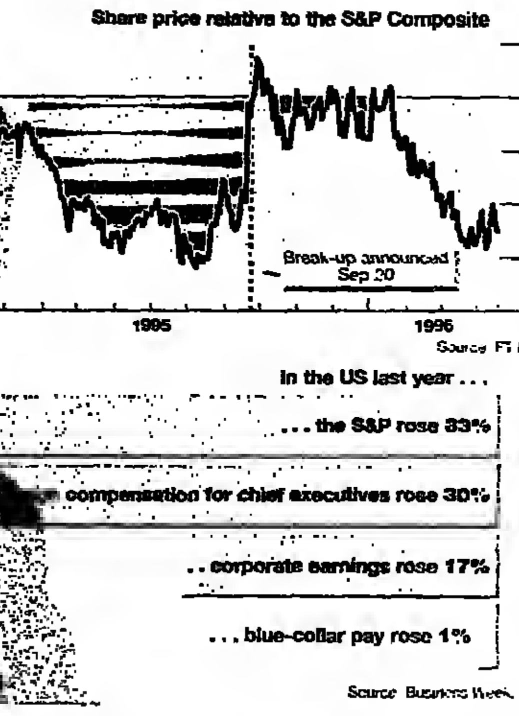
BA will use the accord with America West to offer domestic flights to passengers on its new daily service from London's Gatwick airport to Phoenix, Arizona, which begins on July 1.

AT&T head's $16m package has rekindled issue of top people's rewards

US boardrooms feel the heat of big pay increases

Fair shares?

Bob Allen, chairman of AT&T



The increasingly vexed topic of US executive pay is in the news again. Two days ago, Mr Bob Allen, chairman of AT&T, took a roasting from shareholders at their annual meeting over his alleged $16m package. This week, an annual survey from the US magazine Business Week put last year's average rise in chief executives' total compensation at 30 per cent, compared with a 1 per cent pay rise for blue collar workers.

While there is growing unease about top pay levels in the US, it differs from the related controversy in the UK. The popular British view of bosses' pay is still coloured by class. The lottery winner or sports star is accepted as an ordinary person who got lucky. The boardroom millionaire is resented as an exploiter of privilege.

The US view is more egalitarian. Despite the sharp rises in executive pay in recent years, compensation packages running to many millions raise few eyebrows. What matters increasingly is the rate of increase, and whether it is perceived as fair.

This brings us back to Mr Allen. The starting point for the row over his compensation is the decision last September to demerge various parts of AT&T, and the related announcement of up to 40,000 job cuts.

The cuts, though clumsily handled, are in part defensible. The US telecommunications industry is going through rapid change, largely because of government deregulation. Other US phone companies are likely to cut their workforces by similar proportions, though doubtless with less fanfare.

The detail of Mr Allen's remuneration is more questionable. Of his package last year, worth a potential $16m, $9.7m comes in the form of share options related to the break-up of the company.

As Mr Allen pointed out repeatedly on Wednesday, the options are at present worthless. They depend on the AT&T share price reaching various trigger points over the next four years: an increase of 10 per cent by year one, 20 per cent by year two and so on. The figure of $9.7m is notional, as calculated by the so-called Black-Scholes pricing model used to value options under US regulations.

The issue is rather one of principle. Being linked to the AT&T share price, the options granted to Mr Allen and three of his colleagues – worth $19.4m in total – are an incentive to make the break-up plan work.

There is another reason. "These special [option] grants," says the proxy statement to shareholders, "are targeted to retain selected people during the three-to-four year transition period of restructuring."

It is here that doubts creep in.

> What matters is the increase and whether it is perceived as fair

Mr Allen is a life-long AT&T employee, and bears chief responsibility for the break-up plan. Common decency suggests that he should stay on and do his best to make the plan work. Why should he be paid an extra $10m for doing so?

At Wednesday's annual meeting in Miami, the issue of fairness was much on shareholders' minds. They applauded the speaker who asked Mr Allen: "In all good conscience, how can you accept these huge increases and not share the benefits with pensioners?" AT&T pensions have been unchanged for years.

They also applauded the speaker who asked: "Why hasn't our dividend been raised? We don't get share options." And the speaker who abused the board for awarding itself bonuses at a time of large lay-offs. "In my 35 years of going to public meetings", she said, "I have never seen such stupidity."

To be sure, some of this was theatre: a 1,000-strong meeting with a high proportion of disgruntled AT&T union members and pensioners. When it came to a vote, the big institutional battalions ensured that proposals to unseat the directors received only 6 per cent of the vote.

Mr Allen has not done too badly from an institutional viewpoint. AT&T's shares may have underperformed the market by 4 per cent last year. But without the break-up plan, which caused the price to jump sharply, they would have done a lot worse.

The US can show more glaring examples of high pay linked to poor performance. Business Week, for instance, points to Mr Michael Eisner, chairman of Walt Disney, who has earned a total of $228m in the past three years and has achieved a total return, including dividend, in that period of just 39 per cent.

Nevertheless, the case of AT&T is symptomatic. The row over Mr Allen has been going on for months, in an era of downsizing and white collar angst, the fairness of top people's remuneration is an issue which will not go away.

Tony Jackson

China may delay BT/C&W go-ahead

By Alan Cane

China is likely to take up to a year to decide whether to approve a merger between Britisb Telecommunications and Cable and Wireless, according to investment bankers in the region.

Their conclusion adds weight to the belief that if the two UK telecoms companies are able to agree a merger, they will announce the broad outlines of the deal long before the necessary regulatory and political hurdles have been overcome.

China's approval is essential if any merger is to go ahead.

Yesterday shares in C&W gained 24p to close at 546p while BT shares rose 6½p to close at 379p on expectations of an early conclusion. A merger would create the only truly global telecoms company, capitalised at about £34bn.

Neither BT nor C&W is prepared to talk about the progress of the merger discussions hut sources say both companies are prepared for protracted negotiations with the Chinese anthorities.

They point to the fact that the alliance between BT and MCI, the second largest US long distance carriar, whereby BT acquired a 20 per cent stake of the US company, took 12 months to gain the approval of European and US regulators. C&W holds a majority stake in Hongkong Telecom, one of the most important telecoms operators in the Asia Pacific region and a bridge to mainland China.

A China specialist, whose advice has been songht by BT, rejected ideas that Beijing was against the deal at this stage. "BT will not encounter overt hostility simply because it is British or because of the nature of tbe deal. What BT must do is to be prepared to enter into a long-term process of persnading the Chinese that the deal will be good for them. Sir Iain Vallance [BT cbairman] will have to attend lots of banqnets.

"BT is only at first base where it comes to onderstanding the Chinese."

So far, there bave been no high level meetings between BT's top exectives and the Cbinese antborities, althougb Mr Alan Rndge, depnty chief exective and the company's chief tecbnologist, visited Beijing as part of a technical delegation last week.

C&W has been dealing in and with China for more than a centnry and its experience conld prove invaluable. Earlier tbis year Dr Brian Smith, C&W chairman, visited Beijing and met Mr Jiang Zemin, the Chinese president. Mr Zemin's approval is likely to be necessary for tbe merger to go ahead.

Sources close to the talks reiterated this week that there was still only cautious optimism that a deal could be constructed.

Treading carefully in China, Page 18; C&W charge, Page 22

EdF and Sydkraft buy stakes in Swedish utility

By Greg McIvor in Stockholm

The restructuring of the deregulated Nordic electricity market intensified yesterday as Electricité de France, the French energy group, and Sydkraft, Sweden's second-largest power supplier, both purchased large stakes in Graninge, the Swedish power utility.

The EdF move involved Skanska, Sweden's biggest construction company, selling its 25 per cent interest in Graninge to EdF's Swedish subsidiary, Northelec. In return, Skanska received a 50 per cent holding in Northelec from a new share issue, in a deal valued at SKr2.3bn ($340m).

Separately, Sydkraft, Sweden's second-largest power supplier, announced it had purchased a 20 per cent tranche of Graninge for about SKr1.8bn from Robur, the investment arm of Swedbank, the Swedish bank.

The moves mark the latest development in a jockeying for position on the Nordic power market by groups involving Swedish, Finnish and Norwegian operators, as well as outsiders such as EdF.

Complicating the picture, EdF is a large shareholder in Sydkraft with 10 per cent of its capital, making it the second-largest single shareholder after Preussen Elektra of Germany.

Sydkraft, based in Malmö, was lukewarm to the French group when it bought shares in the utility in September 1994 and has declined to grant EdF a place on its board.

Sydkraft said yesterday it was interested in extending its sbare in Graninge. But Mr Lars Frithiof, the group's senior vice-president, stressed the move into Graninge was not hostile to EdF and said Sydkraft was happy to work alongside the French group. EdF declined to comment.

Mr Bo Källstrand, Graninge chief executive, said EdF and Sydkraft were committed to long-term ownership and there was room for both in Graninge.

Graninge, Sweden's sixth-largest power supplier, is strengthening its market presence and last week purchased a 13.4 per cent stake in Gullspangs Kraft, another Swedish supplier, for SKr1.1bn.

Both yesterday's deals were based on a price of SKr135 for each Graninge share, reflecting an initial premium on the opening price of 11.5 per cent. The transactions helped lift Graninge's shares to SKr132.5, an increase of SKr14.5 on the day. In the past month its shares have risen 24 per cent.

COMPANIES AND FINANCE: EUROPE

Charge forces Swissair into red for first time

By Thierry Meyer in Zurich

Swissair, the national carrier, yesterday reported a SFr147m ($120m) net loss for 1995, the first time it has reported a deficit. This was mainly due to extraordinary provisions of SFr366m for restructuring.

While operating profits rose from SFr131m in 1994 to SFr237m, and cash flow increased from SFr519m to SFr588m, Swissair's core business continued to lose money: in 1995, air transport operations for the parent airline company posted a SFr300m loss.

"Our operating result for 1995 was the best we have produced in the last five years," said Mr Hannes Goetz, chairman. He said the strength of the Swiss franc and the severe drop in fare prices had neutralised cost-saving efforts.

"In five years we have lost SFr500m in currency exchange, and while our productivity has gained 33 per cent, fare revenues have dropped 40 per cent," he explained.

Mr Goetz also protested against state subsidies to European competitors, which prevent any realistic forecasts in the airline business.

After two rounds of cost-cutting, the Swissair group is undergoing a thorough restructuring, under the guidance of Mr Philippe Bruggisser, chief operating officer. He is to replace Mr Otto Loepfe as chief executive officer by January 1 1997.

Swissair is spinning off its non-airline activities into independent subsidiaries. Gate Gourmet, which has bought SAS Service Partner, is the second largest airline catering company in the world. It now accounts for 21 per cent of the group's SFr7bn operating revenues, and is its most profitable business. Net profit of the Swissair Associated Companies division, including Gate Gourmet, rose from SFr33m to SFr50.2m.

Crossair, the regional carrier in which Swissair holds a 67 per cent stake, again improved, posting a SFr17.5m net profit against SFr16.1m in 1994. Crossair's average salaries are much lower than Swissair's.

Swissair, the parent company, recorded a net profit of SFr4m. Production costs dropped 8 per cent, traffic volume increased 8.9 per cent and load factor gained a 0.5 per cent at a record 69.4 per cent.

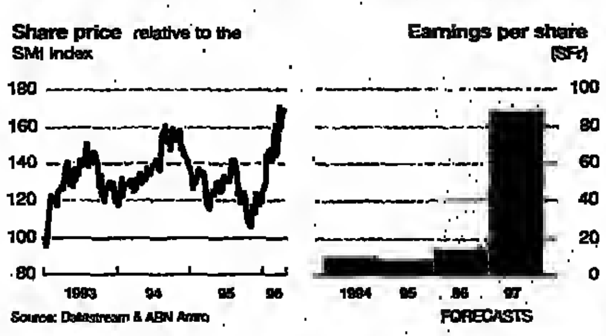
The most controversial of the cost-saving measures is the decision to concentrate all long-haul flights operations in Zurich, depriving Geneva of 13 of its 15 intercontinental connections. This "is a matter of survival", Mr Bruggisser said.

Swissair also intends to consolidate its alliances with Delta, the US carrier, Austrian Airlines and Sabena, the Belgian company in which it holds a 49.5 stake. Sabena should be profitable by 1998, Mr Loepfe said.

COMPANY PROFILE:
Swissair

Registered shares	
Market capitalisation	$2.25bn
Main listing	Zurich
Historic P/E	122.9
Gross yield	0.0%
Earnings per share	9.1
Current share price	SFr1248


Hannes Goetz: chairman



Source: Datastream & ABN Amro

UK market 'difficult' for Peugeot Motors

By Haig Simonian

Peugeot Motor, the big UK subsidiary of Peugeot-Citroën, said pre-tax profits fell from £9.5m last year to £4.9m ($7.39m).

It blamed the decline on the difficult UK market, with demand remaining soft, competition rising – especially in the fleet market – and an ageing product mix.

The difficulties were reflected in Peugeot's market share, which slipped to 7.4 per cent from 7.7 per cent in 1994, even though sales rose to a record £1.79bn from £1.7bn in 1994.

Earnings were also affected by the rise in the French franc against sterling. Although the local content of the 306 – Peugeot's only UK-built model – stands at about 68 per cent of its total value, profitability remains highly vulnerable to exchange rates because many essential components, such as the engine, gearbox and pressings, come from France.

However, the company continued to raise productivity in the UK, with a 39 per cent jump since mid-1994. Over that period, output at Peugeot's Ryton plant has risen from 1,600 to 2,275 cars a week, while the workforce has been trimmed to 2,700 following the latest 100 job losses.

The company is believed to be lobbying Peugeot to authorise production of a second model, which could improve profitability and further increase the group's UK market share.

Peugeot-Citroën posts 45% profits decline for year

By David Buchan in Paris

Peugeot-Citroën, the French car group, yesterday reported a 45 per cent decline in 1995 net profits to FFr1.7bn ($332m), after what it termed a "disappointing" year in which group output also fell by 5 per cent to 1.88m vehicles.

PSA – the Peugeot-Citroën group – also cut its dividend to FFr5 a share, from FFr6 in 1994. The shares fell almost 2 per cent from FFr745 to FFr731.

Mr Jacques Calvet, the Peugeot president, blamed the near-halving of group profits from the 1994 level of FFr3.1bn on a series of factors, including weak demand outside Europe for his company's products, the fall of several European currencies against the franc, and last December's strikes in France.

He said prospects for 1996 were "rather sombre" and in particular inveighed against "the anti-diesel campaign" being waged by environmentalists, the petroleum industry and the French treasury to reduce the tax preference from which diesel has benefited.

French car companies, which have invested heavily in diesel engines, saw their share of the French market fall from 61 per cent in 1994 to 57 per cent last year, Mr Calvet noted.

PSA maintained its position last year as the leading French carmaker with 30.2 per cent of the French market, and took 12 per cent of the European market – against 12.8 per cent in 1994 – to keep it in third place behind Volkswagen and General Motors.

Mr Calvet also claimed that among the purely European car groups, PSA had done worse than Fiat but better than VW and Renault in terms of pre-tax profits as a proportion of turnover last year.

But PSA sales fell slightly last year to FFr164.2bn, from FFr166bn the year before. The group's operating margin fell more sharply, from FFr7.29bn in 1994 to FFr3.75bn last year, because of the impact of currency depreciations against the franc – which Mr Calvet said cost the group FFr1.3bn – and because of a rise in commercial promotion costs to counter increased competition.

Sales outside Europe fell to 12.3 per cent of total sales last year, from 12.8 per cent in 1994, with improved business in Asia and eastern Europe insufficient to offset a drop in Latin American sales.

Mr Calvet confirmed that PSA was actively considering returning to the North American market, but had concluded it could only do this with models specifically tailored to that market and with "the industrial co-operation of a partner". He added "we have not yet found such a partner".

Within the overall group results, the Peugeot car company made a profit while Citroën recorded a loss, Mr Calvet said, though this was mainly due to the different financial structures of the two companies.

See Lex

Strong Swiss franc hits sales figures at Sandoz and Ciba

By Frances Williams in Geneva

The strong Swiss franc hit first quarter sales figures for Sandoz and Ciba, the Swiss pharmaceuticals companies due to merge later this year to form Novartis, the world's second-biggest drugs group.

Ciba's sales fell 2 per cent to SFr5.35bn ($4.36bn), compared with a rise in local currencies of 2 per cent. Sandoz boosted sales by 2 per cent from SFr3.91bn to SFr3.98bn, an increase in local currencies of 6 per cent. The figures exclude its former industrial chemicals division, Clariant, which was spun off last year.

Roche, the third of the large Basle-based maceutical groups, last week announced a 6 per cent rise in first quarter sales in Swiss franc terms, against a 10 per cent jump in local currencies.

Ciba's healthcare sector increased sales in local markets by 4 per cent over the year to the first quarter, with Ciba Vision, the ophthalmic division, lifting sales by 6 per cent. Generic competition in the US to Voltaren, Ciba's best-selling anti-rheumatic drug, was more than offset by new drug launches in the US and Europe.

Sales of the agriculture segment were up 7 per cent in local currencies. However, turnover at the industry division – due to be spun off as part of the Novartis deal – declined 3 per cent in local currencies.

For Sandoz, pharmaceuticals showed the most dynamic sales growth with a 9 per cent increase in local currencies, while turnover of the agribusiness division rose 6 per cent.

The nutrition division had stagnant sales in local currencies which translated into a 4 per cent drop in Swiss franc terms.

Sandoz said this mainly reflected strong competition and price pressures affecting the traditional baby and infant nutrition market in the US. The Gerber baby foods group, acquired by Sandoz in 1994, nevertheless maintained its leading position:

● Sandoz Pharma is buying Imutran, a privately-held UK biotechnology company specialising in the development of animal organs for transplant. Terms were not disclosed. Sandoz, which already has a research alliance with Imutran, hopes to capitalise on a breakthrough by the UK company last year in preventing hyperacute rejection of animal organs.

See Lex

BBV up sharply to Pta19.8bn in opening quarter

By Tom Burns in Madrid

Banco Bilbao Vizcaya, the big Spanish banking group, underlined its earnings potential yesterday when it reported first-quarter attributable net profits of Pta19.8bn ($157.5m), 19.3 per cent up on the first three months of last year.

BBV, Spain's biggest financial institution in terms of stock market capitalisation, said it had increased its income across the board.

It had consolidated its retail presence at home, where it has the largest deposit base among domestic private banks; fully provisioned for the acquisitions last year of banks in Mexico and Peru; and was reaping the benefits of a strengthened industrial portfolio.

The group lifted its net interest income by 22 per cent to Pta99.6m and its pre-tax profits by 15.1 per cent to Pta42.6bn.

Mr Luis Bastida, BBV's financial director, said the group was "above target" in its "1,000-day plan" to achieve double-digit growth in earnings per share and dividends through to 1997.

The first-quarter results suggest that BBV is well on track to report pre-tax profits of Pta160bn this year, as outlined by the plan, up on the Pta145.2bn posted in 1995.

BBV's share price has strongly outperformed the Spanish market over the past 12 months. The share price was Pta4,630 at the end of the first quarter, 43.8 per cent up on a year earlier. Earnings per share rose 22.8 per cent compared with the first quarter of 1995, to Pta88.

The group said it had consolidated its leadership in the unit trust and pension fund sectors in Spain, raised the market quota of its loan portfolio and increased its coverage of bad and doubtful debts, which now represented 4.1 per cent of total lending.

Income from fees rose by 18.8 per cent to Pta38.1bn, treasury operations posted profits of Pta7.3bn against losses of Pta2.1bn last year, and the group's operating profit was up 59 per cent to Pta54.4bn.

Mexico's Probursa bank and Peru's Banco Continental, which came under BBV's control last year, both contributed to group profits in the first quarter.

BBV's consolidated earnings were further boosted by its stakes in big Spanish companies such as the telecoms operator Telefónica, the energy group Repsol, the electric utility Iberdrola, and the stainless steel producer Acerinox.

Générale des Eaux slips into red

By Andrew Jack in Paris

Compagnie Générale des Eaux, the French utilities, property and communications group, yesterday unveiled losses of FFr3.7bn ($723m) for 1995 while predicting a strong return to profitability in the current year.

Mr Jean-Marie Messier, deputy chairman, said in a reference to the group's pledges last year: "We have done what we said we would do and carried out the commitments we pledged."

The losses for 1995, which came after net profits of FFr3.3bn in 1994, reflected substantial restructuring, including provisions of FFr7.2bn against the group's property activities. It reported exceptional charges of FFr2.4bn, after exceptional gains last time of FFr1.6bn.

Mr Messier said the group had made provisions against 30 per cent of its property assets – which he stressed was not comparable with the levels at French banks. This was because the group's investments were in new housing, not the higher risk office and old housing activities which have hit French financial institutions.

He said "the property crisis is not behind us", but added that the group had dealt with the problem "head on" and was starting to show the effects of its restructuring.

He said the group would have an operating profit for 1996 at least equal to the 1994 level, and a net income significantly in the black despite new exceptional charges. For 1997, it would report a result giving "a fairer image of the profitability of the group's activities".

Mr Messier also said there would be substantial new disposals in the current year, some totalling more than FFr1bn each. One sale will be Générale de Restauration, its catering business.

Mr Guy Dejouany will step down as chairman on June 27, to be replaced by Mr Messier, who praised the long-planned succession process within the group since he joined it 18 months ago as heir apparent.

He said that Mr Bernard Arnault, head of the LVMH luxury goods group, would be joining the board, and "within the next 12 months" another director from outside France.

Mr Loïk Le Floch Prigent's mandate as a board member would not be renewed because he had become chairman of SNCF, the French railway company, creating potential conflicts with Générale des Eaux, notably since the group's announcement in the last few days to take over the operation of the UK's Network South East Central commuter lines.

Spanish insurer posts 66% advance

By David White in Madrid

The Mapfre group, Spain's leading insurer, yesterday announced a 66 per cent rise in consolidated net profits for last year. It also revealed plans for further expansion in Latin America as part of a drive to build up its international interests.

Attributable net earnings for the whole group, headed by Mapfre Mutualidad, which is owned by its 2.7m members, rose from Pta10.45bn to Pta17.42bn ($139m). Before tax and minority interests the increase was even sharper at 76 per cent to Pta33.80bn. Group revenues rose 10 per cent to Pta540.6bn, with 30 per cent from outside Spain.

Mr José Manuel Martínez, chief executive of Corporación Mapfre, the group's listed holding unit, said he expected the trend in operating profits to continue this year, but the overall increase would be smaller because extraordinary gains would not match last year's net figure of Pta9.09bn.

These gains came mainly from a stock market offering of 10.7 per cent in the life assurance subsidiary Mapfre Vida early last year.

"Results in 1995 have been so good we would be happy to repeat them or increase them a little," he said.

Corporación Mapfre earlier announced a dividend increase from Pta165 to Pta175 a share. The holding unit's consolidated net profit rose 36 per cent to Pta9.57bn. Under the group's peculiar structure, Mapfre Mutualidad, a motor insurance specialist, controls 52 per cent of Corporación Mapfre, which has controlling shares in the group's other operations.

The group is awaiting approval for a $20.5m investment to increase its holding in the Brazilian insurer Vera Cruz Seguradora from 49 per cent to 94 per cent, and Mr Martínez said it was in negotiations to purchase majority stakes in insurance companies in Peru and Venezuela, together worth between $50m and $70m.

The Brazilian unit moved out of loss last year to show a profit equivalent to Pta977m. Corporación Mapfre's interests also include subsidiaries in Mexico, Puerto Rico, Colombia and Argentina.

Operating results improved in all the group's insurance, reinsurance and banking activities, especially in the motor sector, where dry conditions on Spanish roads helped keep claims to about 70 per cent of premiums. Mapfre said its overall share of the Spanish insurance market increased from 8 per cent to 8.9 per cent.

GE Capital believed to be buying into Creditanstalt

By Eric Frey in Vienna

US investors are thought to have been behind a recent surge in trading in shares of Creditanstalt, the state-controlled Austrian bank which the government has been struggling to privatise for five years.

Brokers believe the buyers are acting for GE Capital, the finance arm of the US manufacturer General Electric, which has previously shown interest in bidding for Creditanstalt.

GE Capital yesterday said: "GE Capital has not been buying up any shares in Creditanstalt as part of a takeover attempt, and has no interest in doing so."

The Austrian finance ministry, which is in charge of the privatisation of Creditanstalt, refused to comment.

About 700,000 Creditanstalt shares were bought in recent weeks, according to brokers. This constitutes about 2.5 per cent of Creditanstalt's capital. The co-ordinated purchases drove up the price for Creditanstalt common stock from Sch680 at the beginning of April to a peak of Sch745. The shares closed unchanged at Sch716 on the Vienna stock exchange yesterday.

The government currently owns 20m Creditanstalt shares, or 70 per cent of all voting shares. This constitutes 49 per cent of total share capital.

GE Capital is believed to be interested in Creditanstalt because of its strong presence in eastern and central Europe. The US group has made several acquisitions in the region, including a 27.5 per cent stake in Budapest Bank, Hungary's fifth-largest bank.

By buying up shares in Creditanstalt, GE Capital could be competing with an international consortium led by the EA-Generali, the Austrian subsidiary of the Italian insurer, Commerzbank of Germany, and First Austrian Bank.

The consortium, which first bid for Creditanstalt in 1994, has strong backing from the conservative People's party, the junior partner in Austria's coalition government.

The consortium has offered Sch684 a share, valuing the 70 per cent stake at Sch13.7bn ($1.29bn). Bankers within the consortium say it may not have the financial resources to increase its bid substantially.

However, Viennese bankers still expect the consortium to win the fight for Creditanstalt.

In a public tender for its shares organised by J.P. Morgan last year, the government suggested that bidders offer prices in the range of Sch880 to Sch940 a share, or Sch17.6bn to Sch18.9bn.

The tender was cancelled when the government collapsed last October, and no information has ever emerged about who, if anyone, apart from the consortium had shown interest.

Mr Viktor Klima, the present Austrian finance minister, is under pressure to complete the Creditanstalt sale soon. The proceeds are needed to help reduce the government's budget deficit and thereby bring Austria in line with the Maastricht criteria for a single European currency.

● Moevenpick, the Swiss retailer, said earnings in the three months to March were "above year-earlier figures, and that sales developments in the period were positive, reports AFX News in Zurich.

Speaking at the group's annual news conference, Mr Ulrich Geissmann, chief executive, said he did not exclude a decline in group sales in 1996 after adjustment for currencies and expansion of the company.

In Germany, the company planned to open 16 restaurants in 1996, with further openings expected in Italy and the UK. He said expectations for the company's Swiss business this year remain pessimistic.

NEWS DIGEST

OIAG to sell 3.5m shares in OMV

OIAG, the Austrian state holding group, said yesterday it would sell 3.5m shares in the oil and gas concern OMV in a secondary share offering next month. At the current market price the placement would be worth about Sch3.45bn ($325m). Lead managers are Bank Austria and Raiffeisen Zentralbank for the domestic tranche, and Merrill Lynch and Lehman Brothers for the international tranche.

The offering will cut the government's holding in Austria's largest industrial group from 49.9 per cent to 37 per cent. OIAG said it might add another 523,000 shares in case of strong demand. This would net another Sch500m and would leave the state with only 35 per cent. The proceeds would be used to reduce OIAG's debt load, caused by heavy losses in the aluminium group AMAG in the early 1990s. Separately, OMV said its pre-tax earnings in the first quarter were roughly unchanged from Sch950m a year ago. *Eric Frey, Vienna*

Huhtamaki sells cards unit

Huhtamaki, the Finnish consumer products group, said yesterday it had sold its loss-making collectable sports card business in the US to Pinnacle Brands of Texas, a leading sports trading cards maker. Terms were not disclosed. The disposal is the latest step in a move by Huhtamaki, which last year suffered a 29 per cent fall in profits to FM312m ($65.57m), to concentrate on its Leaf confectionery and Polarcup food packaging businesses.

Huhtamaki is also seeking a buyer for its Leiras pharmaceuticals division, which is strong in contraceptives, bone metabolism and ophthalmics. *Hugh Carnegy, Stockholm*

Coca-Cola in Turkish deal

Coca-Cola, the US soft drinks group, announced a joint venture with Turkey's Anadolu Group to produce and bottle soft drinks. Coca-Cola will hold 67 per cent of the new company, which is to invest $400m in Turkey over the next 10 years. Anadolu, an industrial group which controls Efes, Turkey's largest brewery, produces and markets Coca-Cola brands in Kazakhstan and Kyrghyzstan and is building plants in Azerbaijan and Russia. *John Barham, Ankara*

Float plan for Dutch railways

Nederlandse Spoorwegen, the Dutch railway system, hoped to launch a public share flotation within six to eight years, Mr Rob den Besten, chairman, said. The company also announced its earnings advanced from Fl 78m in 1994 to Fl 98m ($58.17m) last year on turnover of Fl 4.94bn. It expected the net profit to at least equal this sum this year. *David Brown, Amsterdam*

ABN Amro in Greek buy

ABN Amro, the Netherlands' largest bank, yesterday announced it had acquired a 70 per cent shareholding stake in Axias Securities, of Greece, for an unspecified sum. Axias is a member of the Athens exchange trading stock on behalf of international and Greek clients. *David Brown*

Infostrada in bank telecoms link

Infostrada, the telecoms joint venture between Olivetti of Italy and Bell Atlantic of the US, is to set up a private telecoms network for Banco Ambrosiano Veneto, one of Italy's largest banks. It will link Ambroveneto's 650 branches, as well as those of other banks linked to the group, in a deal worth some L25bn ($15.81m) a year. *Andrew Hill, Milan*

Japanese supermarket chains improve

By Emiko Terazono in Tokyo

Rationalisation helped leading Japanese supermarket chains improve profit margins amid a slow recovery in consumer confidence. Unconsolidated recurring profits – before extraordinary items and tax – at Daiei, the largest national supermarket operator, surged 2.4 times, while profits at Ito-Yokado grew for the first time in three years.

Unconsolidated recurring earnings for the year to February at Daiei totalled Y25bn ($231m) as a result of aggressive cuts in personnel costs and a decline in interest bearing liabilities.

The retailer, which has its head office in Kobe, saw revenue and profits plunge following the earthquake in January last year but said earnings had since recovered. Profits were also supported by a merger of three retail stores and a Y9.8bn decline in debt to Y629.3bn.

Sales, however, fell 1.5 per cent to Y2,503.4bn, despite its opening of 17 new stores. Daiei, which posted a net loss of Y25.7bn a year earlier, saw after-tax profits of Y14bn.

"Consolidated recurring profit totalled Y36.2bn, 4.7 times that of the previous year, and group revenue fell 2.1 per cent to Y3,157bn. The company posted net profits of Y5.1bn against a loss of Y50.6bn the year before.

For the 12 months to next February, Daiei expects sales to rise 3.9 per cent to Y2,900bn and a 3.8 per cent rise in recurring profits to Y26bn. It plans to open nine new stores this year followed by an annual 13 to 14 stores in the following years.

Ito-Yokado, another national supermarket chain, saw unconsolidated recurring profits rise 2 per cent to Y78.6bn. Net profits also grew for the first time in three years, rising 2.3 per cent to Y35.7bn. Sales rose 0.4 per cent to Y1,545bn.

Consolidated recurring profits rose 3.6 per cent to Y209.5bn, on a 0.5 per cent rise in sales to Y2,892.1bn. Net profits grew 7.6 per cent to Y76.7bn.

For the current year, Ito-Yokado expects gross profit margins to improve due to a decline in procurement costs. Unconsolidated recurring profits are expected to rise 5.1 per cent to Y80.5bn. Revenues are expected to rise 2.8 per cent to Y1,588bn.

Seven-Eleven Japan, a subsidiary of Ito-Yokado, posted a 5.1 per cent rise in unconsolidated current earnings to Y98.1bn, on a 7.8 per cent rise in revenues to Y231.2bn. The retailer, which owns Southland of the US, the operator of the Seven-Eleven franchise in the US, expects unconsolidated current profits to rise 4 per cent to Y102bn on a 5.1 per cent increase in revenues to Y243bn.

Anglo unit advances on higher gold prices

By Mark Ashurst in Johannesburg

The gold and uranium division of Anglo American Corporation, the world's biggest gold producer, yesterday reported a 66 per cent rise in after-tax profits to R235.4m ($53.28m) for the quarter ended March 31, against R135.5m the previous year, as the higher gold price boosted income and Freegold returned to profitability.

Mr Bobby Godsell, chairman and chief executive, welcomed the results but said "they did not tell the whole story". The collapse of the rand was "a benefit only in the short term" and had revived the prospect of double digit inflation and higher costs in subsequent quarters.

The turnround at Freegold, which reported an after-tax profit of R56.4m after a loss of R5.1m in the previous period, had brought a new lease of life to four of five shafts earmarked for closure with the loss of up to 10,000 jobs. But Freddies No 9 shaft would be closed.

Analysts noted that among South African mining houses which had published quarterly figures this week, Anglo alone had lifted overall capital expenditure for the period. This rose by 5 per cent to R213.2m.

Details of a rights issue to finance structural changes at JCI's HJ Joel mine will be released next week.

Total gold production decreased by 4 per cent to 54,476kg and the average gold price received rose by 5 per cent to R48,599 a kg.

Anglo was reviewing its hedging policy, which covers more than 80 per cent of this year's total gold production of about 220 tons, in the light of the higher gold price. Mr Kelvin Williams, marketing director, defended Anglo's commitment in the forward sales market. "We don't hedge to get the best price but for income security, then we try to manage those hedges to reduce the upside costs [of strong bullion prices]."

Ergo gold mine on the East Rand was disrupted by heavy rainfall, and after-tax profits rose 2 per cent to R16.2m; Vaal Reefs posted a 12 per cent increase to R86.8m; Western Deeps reported a 26 per cent increase to R43.1m; Elandsrand was the best performer, posting a 78 per cent increase in after-tax profit to R22.8m as gold production rose 8 per cent to 4,050kg and average yields improved by 9 per cent to 7.67g a ton.

NEWS DIGEST

Telstra sells stake in Seven Network

Telstra, the large Australian telecommunications group which is wholly-owned by the federal government, yesterday sold its 10.6 per cent stake in the Seven Network, the commercial television group in which Mr Kerry Stokes, the Perth-based media entrepreneur is the biggest shareholder. Mr Rupert Murdoch's News Corporation is also a significant shareholder in Seven, with a 15 per cent holding.

Telstra's shares were understood to have been placed with institutional investors at about A$3.72, netting the telecoms company around A$112m (US$88m). The company has held a stake in Seven since the company listed on the stock market in 1993. The Telstra holding was bought at A$2.00 a share, giving the telecoms company an estimated A$52m profit on yesterday's sale. *Nikki Tait, Sydney*

Tax bill dents Lion Nathan

New Zealand brewery group Lion Nathan is to dispute an interim tax bill of NZ$44.4m (US$30.2m) – compared with NZ$200,000 a year ago – which has resulted in a 26.9 per cent decline in net earnings for the first half to NZ$91.2m, against NZ$117m in the first half of last year.

Mr Douglas Myers, chief executive, said the company had maintained a strong performance across all its businesses to record an operating profit increase of 7.1 per cent to NZ$142.3m in the period. He said tax paid during the period included NZ$14.8m for the 1985 to 1990 period, which it was still disputing with the inland revenue department. The company's Australian Brewing Group, which includes Tooheys, Castlemaine Perkins and Swan, recorded a 5.9 per cent rise in operating profit to A$136m. Its market share was steady at 43.1 per cent. *Terry Hall, Wellington*

MIM shares suspended

Shares in both MIM, the Queensland-based mining group, and Highlands Gold, its 65 per cent-owned subsidiary were suspended yesterday, prompting speculation that the parent company is poised to divest its holding. Neither company detailed reasons for the suspension, but MIM has been pruning back its activities to core mining operations over the past two years, and has sold many of its investment interests. Suggestions that the Highlands stake could be the next to go have been mounting for several months. *Nikki Tait*

Setback for Shell Australia

Shell Australia, part of the international energy group, yesterday announced a sharp fall in profits after tax and abnormals to A$399m (US$314m) in 1995. This compared with A$893m in the previous year. However, both years were affected by one-off non-recurring items – the 1995 results being boosted by A$151.5m before tax, and the 1994 figure gaining by A$624m.

Operating profit before abnormals was A$446m, compared with A$366m. The oil products division contributed A$123m to net income, against A$164m previously, with returns depressed by poor refining margins and retail price-discounting. The coal operations made A$35m, compared with A$30m. *Nikki Tait*

No decision on NZ bank

Trust Bank of New Zealand said yesterday it had not yet concluded its merger discussions, but would inform the stock market of the result as soon as possible. The bank has already advised shareholders not to sell their stock, and an announcement had been expected yesterday. National Bank of New Zealand, a subsidiary of the UK's Lloyds TSB group, was the early frontrunner, but the community trusts which control Trust Bank are now weighing a higher cash offer, thought to be worth NZ$1.5bn (US$1bn) from Westpac of Australia. *George Graham, London*

Ampolex rejects Mobil offer

Ampolex, the Australian energy group, yesterday rejected a revised A$1.6bn (US$1.3bn) takeover offer from Mobil, the US oil giant. The bidder, through its Mobil Exploration & Producing Australia, is offering A$4.25 per Ampolex ordinary share, and A$7.00 per convertible note. *Nikki Tait*

Telecoms groups tread carefully in China

BT and C&W face delicate process persuading Beijing planned merger poses no threat

China has kept its counsel on the planned £34bn ($51.3bn) merger between British Telecommunications and Cable & Wireless, but representatives in Beijing of international telecommunications companies, western officials and Hong Kong-based analysts believe it would be premature to assume the Chinese will be antipathetic.

"Whether the merger goes ahead or not, a British company will possess a majority stake in Hongkong Telecom: that is something that will not change," said a western official in Beijing responsible for monitoring the telecommunications sector.

The proposed merger, nevertheless, poses tricky political and regulatory issues that will prompt Beijing's intervention. The continuation of Hongkong Telecom's monopoly on basic international services until 2006 under an existing agreement is likely to see China push for a role in any approval process.

Although the position of UK companies in Hong Kong is protected to an extent by handover agreements worked out by Chinese and UK negotiators, the reality is that a less certain regulatory environment will prevail.

In the meantime, BT and C&W face a delicate process to persuade Beijing that a UK-controlled merged enterprise, an important element of which will be located in Hong Kong, will pose no threat to China's own telecommunications ambitions, and indeed might be of benefit.

Initial indications are that BT and C&W have made a respectable start in explaining the ramifications of a possible merger to China's ministry of post and telecommunications (MPT). Mr Alan Rudge, BT's deputy chief executive, was "encouraged" by the reception he received in Beijing last week. C&W representatives have also found the Chinese receptive, although careful not to show their hand.

The MPT is responsible for national telecommunications under the State Council, or cabinet. The MPT also oversees provincial-level telecommunications authorities, which are in effect under its control but enjoy a degree of autonomy. In London, BT and C&W representatives have briefed Mr Jiang Enzhu, China's ambassador, on their plans and received a good hearing.

But these are early days and Beijing can be expected to delay signalling its intentions until the last minute, and only after having studied the fine print of any proposed merger agreement.

BT and C&W bring with them established relationships in China. BT, which set up a representative office in the Chinese capital last year, has a contractual arrangement with the Beijing Telecommunications Authority to provide phone and data satellite services linking China with the UK. Other such ventures are under discussion with the MPT and its subsidiaries.

President Jiang Zemin of China greets C&W chairman Dr Brian Smith during a business visit earlier this year. Initial indications are that BT and C&W have made a respectable start in explaining the ramifications of a possible merger to the Chinese authorities

Similarly, C&W has an evolving relationship with the MPT. It has announced it will invest $300m building networks in China, and has begun construction of a 3,000km optical fibre cable system linking Beijing and Hong Kong that is expected to be completed next year. The system would add some 80,000 lines between the two cities.

The company also has signed a letter of intent with the Beijing Telecommunications Authority to develop jointly a mobile telephone system in the capital. Progress has been slow in implementation of this project, however.

Analysts in Beijing believe that "pragmatic business-oriented" officials in the MPT will recognise the commercial benefits a merged enterprise might yield to shareholders, which include Citic Pacific, the listed Hong Kong investment arm of the China International Trust and Investment Corporation – Beijing's main foreign investment vehicle. Citic Pacific has a 10 per cent stake in Hongkong Telecom.

China might recognise the value of a global operator located in a territory it will control from next year. As a Hong Kong-based analyst in a US investment bank said: "Beijing would be encouraged to give its blessing to a deal because Hong Kong needs a competitive international carrier to maintain the territory's status as a business centre."

But other Hong Kong-based analysts are less sanguine. Mr Dylan Tinker, regional telecoms analyst at Jardine Fleming, said a merger would detract from efforts by C&W to present Hongkong Telecom as a local operator, demonstrated by the 1994 appointment of Mr Linus Cheung, an ethnic Chinese, as chief executive. As a result, it would provide a politically sensitive reminder of UK control.

In Beijing, the representative of a UK provider of telecommunications equipment took a different view. He said that Chinese institutions, including the State Planning Commission and MPT, might welcome the presence of a more powerful telecommunications entity in Hong Kong as a catalyst for the development of the sector on the mainland.

China does not at present allow foreign telecommunications companies to operate networks on the mainland, but there is a widening circle of arrangements between local telecoms authorities and foreigners that seek to get round the ban.

BT's interest in a merger with C&W is not surprising given advantages that might accrue from having a strong presence on the doorstep of the world's fastest-growing telecommunications market.

Phone and data traffic in China is increasing at between 30 per cent and 40 per cent annually and shows little sign of slowing as the Chinese scramble to increase telephone penetration from the present 4.66 per cent to 10.5 per cent by 2000.

China plans to invest Yn500bn ($60.24bn) in telecommunications in the ninth five-year plan (1996-2000), more than doubling telephone switching capacity. The value to a merged enterprise of association with a growth market of these dimensions does not need emphasising.

As a Hong Kong analyst said: "China is the biggest international market for Hongkong Telecom and an obvious focus for future expansion. So, without Beijing's backing there is not much point in going ahead [with the merger]."

Tony Walker and John Ridding

Whiff of curiosity surrounds top-level reshuffles at Jardine Fleming arm

Changes come amid calls from investors for tighter internal controls at brokers, writes Louise Lucas

Top-level reshuffles at the fund management arm of Jardine Fleming, the Hong Kong based investment banking group, have aroused the curiosity of the colony's tight-knit financial community.

Jardine Fleming Investment Management, which has some US$22bn under management, has recently axed the role of managing director and split operating and investment functions in a bid to strengthen management.

Mr Mark White has been brought back from Save & Prosper in the UK to take on the role of chief operating officer of JFIM, while Mr Robert Thomas, who had the title of managing director of JFIM and Jardine Fleming Asset Management (JFAM), resigned. Mr Thomas remains on the main board of Jardine Fleming Holdings, the parent company.

Mr White, who worked for JFIM in Hong Kong from 1985 to 1993, says his role will be to take over the many additional services required by investors, leaving managers free to focus on investment matters. These include, on the retail side, provision and dissemination of information and, for pension funds, addressing legal concerns, corporate governance and regulatory issues. "People are much more interested in these than they were a few years ago," he says.

The existing senior investment function has been passed to Mr Roger Ellis, formerly the number two. His predecessor quit, citing a desire to return to the UK. Jardine Fleming says it was pure coincidence that Mr Armstrong's departure dovetailed with its announcement that the UK's regulatory body, the Investment Management Regulatory Organisation, was investigating JFAM, which manages funds for 10 European institutional clients.

The changes come amid a slew of market-wide trading malpractices and only months before the Hong Kong securities watchdog proposes guidelines to beef up internal controls in the industry. Rivals of Jardine Fleming, which has 26 colourful years of history and a largely successful track record in the colony, have been quick to point out that regulators have also swooped elsewhere in the group. As a result of internal investigations, Jardine Fleming Broking last month fired four floor traders for breaching internal codes.

The critics also conceded that instances of poor compliance could probably be found at any one of Hong Kong's investment banking and fund management groups. This is born out by the Securities and Futures Commission, Hong Kong's securities watchdog, which has uncovered a string of malpractices. The breaches discovered in recent years at the Hong Kong units of companies such as Standard Chartered Securities, Peregrine, and Morgan Stanley also reflect the maturity of the seven year old SFC.

Even so, Mr Gerard McMahon, director of enforcement for the SFC, admits to concerns about the lack of internal controls within brokerages. The watchdog will shortly circulate a consultation paper suggesting guidelines for controls. "This will give market participants a better idea of what we have in mind when we say high standards," says Mr McMahon.

He says a lot of problems have stemmed from traders running their own accounts, which facilitates "rat trading", where floor traders take the margin between the actual price of execution and what they report to their dealing room. "There has also been a lack of sufficient audit trails to allow these things to be picked up," he adds.

His views are echoed by investment managers. One industry veteran says: "Compliance in all these organisations has become a dangerous job for those doing it and even more for those who are going to be found out. A lot of personal fortunes here have been made by front running in the investment management business."

هكذا من الأصل

Telstra sells stake in Seven Network

All of these Securities have been sold. This announcement appears as a matter of record only.

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Corporación Bancaria de España

31,125,000 Shares

Common Stock

Global Offering by

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Joint Global Coordinators

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BANCO BILBAO VIZCAYA
MORGAN STANLEY & CO. International

United States of America

MORGAN STANLEY & CO. Incorporated
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LEHMAN BROTHERS
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SALOMON BROTHERS INC
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BEAR, STEARNS & CO. INC.
BT SECURITIES CORPORATION
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SCHRODERS
UBS LIMITED

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BBV INTERACTIVOS, S.V.B.
UBS LIMITED
ARGENTARIA BOLSA, S.V.B.
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MORGAN STANLEY & CO. International
PARIBAS CAPITAL MARKETS
ABN AMRO HOARE GOVETT
CAISSE DES DEPOTS ET CONSIGNATIONS
KLEINWORT BENSON SECURITIES
SBC WARBURG A DIVISION OF SWISS BANK CORPORATION
BANCO ESSI S.A.
CENTRAL HISPANO DE BOLSA, S.V.B.
COMMERZBANK AKTIENGESELLSCHAFT
CREDIT COMMERCIAL DE FRANCE
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DG BANK Deutsche Genossenschaftsbank
ENSKILDA Skandinaviska Enskilda Banken
MEDIO BANCA-BANCA DI CREDITO FINANZIARIO S.P.A.
WESTDEUTSCHE LANDESBANK GIROZENTRALE

Spain

ARGENTARIA BOLSA, S.V.B.
BANCO BILBAO VIZCAYA
BANCO CENTRAL HISPANO
BANCO SANTANDER DE NEGOCIOS
CAJA DE AHORROS Y DE PENSIONES DE BARCELONA
CAJA DE MADRID

AHORRO CORPORACION FINANCIERA
BANCO ESPAÑOL DE CREDITO
BANCO POPULAR ESPAÑOL
BANCO URQUIJO, S.A.
BILBAO BIZKAIA KUTXA
CAJA DE AHORROS Y MONTE DE PIEDAD DE GUIPUZKOA Y SAN SEBASTIAN
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BANCAJA
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F.G. VALORES Y BOLSA
NORBOLSA, S.V.B.

March 1996

COMPANIES AND FINANCE: THE AMERICAS

Kimberly-Clark shares slip on warning

By Maggie Urry in New York

A warning of lower than expected earnings in 1996 soured the first full quarter's results from Kimberly-Clark since its merger with Scott Paper in December.

Mr Wayne Sanders, chairman and chief executive officer, said in December that analysts' forecasts of earnings per share of $4.94 in 1996 were "realistic". However, he said yesterday that recent price falls for pulp and tissue products meant "it is unlikely that we will achieve the previous estimate".

The group's shares fell $1⅞ to $71 in early trading in New York. Kimberly-Clark makes tissue, newsprint, nappies and other paper products, and owns brand names such as Huggies, Pull-Ups, Andrex, Scottex and Kleenex.

Kimberly-Clark announced a rise in first-quarter earnings from $200m in the same period of 1995 – a figure combining its earnings with Scott Paper's – to $315m. Earnings per share on the same basis rose from 71 cents to $1.11. Revenues were barely changed at $3.29bn as businesses were sold. Underlying revenues rose 8 per cent reflecting higher selling prices and increased volumes for personal care products.

Mr Sanders said Kimberly-Clark cut prices for tissues in the US market last week "in response to similar reductions by a major competitor". Last month Procter & Gamble reduced prices for facial and toilet tissues by 9 per cent. Mr Sanders said the price reductions were equivalent to a $120m cut in 1996 revenues.

He said "the steep decline in the pulp market this year and the consequent effect on tissue and paper prices around the world make 1996 more difficult to forecast". He said lower pulp prices would help reduce costs, as Kimberly-Clark is a net buyer of pulp.

However, P&G is expected to benefit more from lower pulp prices than its rivals, since it no longer owns pulp mills. Its announcement of price cuts last month hit Kimberly-Clark's share price.

Mr Sanders said the merger with Scott was "proceeding rapidly according to plan" and the benefits were already "beginning to show up on the bottom line". It would yield cost savings of at least $250m in 1996 and of $500m by 1998, he said.

Further, the group was generating more cash than it had expected. The group recently bought back 1.3m of its own shares and the board yesterday authorised the purchase of another 6.5m shares.

Mexican sales fall 13% in opening quarter

A contracting domestic market and fewer opportunities to carry out import substitution pushed down first-quarter sales for Kimberly-Clark de México, the country's largest paper manufacturer. However, operating margins improved, helped by falling pulp prices, writes Daniel Dombey in Mexico City.

First-quarter sales fell 13 per cent to 1.58bn pesos ($212m) compared with the first three months of last year, when import substitution was at its height following the peso devaluation.

Despite the decline in sales for the period, operating profits were equal to the year before at 466m pesos, helped by the pulp price decline. Net profits increased to 398m pesos, compared with 8m pesos for the same period last year, aided by the effect of a more stable financial environment on the company's dollar debt.

Before the devaluation, imports accounted for some 20 per cent of the paper sector. Despite a severe recession during 1995, Kimberly notched up a 17 per cent increase in sales for the year.

"Kimberly could not keep import substitution up at the same rate," said Mr Jorge Beristain, a senior analyst at Caspian Research in Mexico City. "It had to run out of steam."

The company also said that volumes had been affected by a fall in pulp prices.

A merger has been approved between Kimberly-Clark de México and Crisoba, a subsidiary of Scott Paper, and the new company will begin reporting as a single entity from the second quarter.

Tandem upbeat and announces shake-up

By Louise Kehoe in San Francisco

Tandem Computers reported better than expected operating results for its second fiscal quarter, ending in March, and announced a restructuring.

The US company, which makes fault-tolerant computer systems designed to keep running despite component failures, said revenues rose almost 12 per cent in the quarter to $576m.

This reversed a decline in the first quarter, when Tandem's revenues were down 4 per cent and net income plunged 94 per cent.

After a pre-tax restructuring charge of $52m, net losses for the second quarter were $50m, or 42 cents a share. In the second quarter of fiscal 1995, Tandem recorded net income of $22m, or 18 cents a share, including a $9m gain from the sale of an investment.

However, Wall Street analysts viewed the results positively and Tandem's shares were trading at $9⅝ in mid-session yesterday, up almost 10 per cent.

Tandem said the restructuring charges included the cost of an unspecified number of job cuts.

"Our second-quarter results are a clear indication that we can focus on and address our cost structure while continuing to drive our business and move to turn Tandem around," said Mr Roel Pieper, who was appointed president and chief executive of Tandem in January.

Tandem was "on track to improved profitability in the third and fourth quarters of this fiscal year," he added.

Mr Pieper, known as a computer industry turnround specialist, replaced Mr James Treybig, Tandem's founder, who led the company for more than 20 years.

Revenue improved throughout the quarter, said Mr Pieper. Sales in the Americas were stronger than expected, while Europe was weaker. Other regions were on target. For the fiscal year to date, Tandem reported revenues of $1.09bn, compared with $1.06bn in the same period a year ago.

The net loss for the first six months of fiscal 1996 was $48m, or 41 cents a share, including the $52m restructuring charge and a $31m gain from a disposal. In the same period of 1995, earnings were $57m – including $9m from disposals – or 48 cents a share.

Independence provides diagnostic survival kit

One of DPC's strengths is exploitation of frailties it sees in bigger rivals, writes Christopher Parkes

A back street off the main route to Los Angeles International Airport is not the mostly likely spot to find a traditional German-style Mittelstand company. Nor does the turbulent world of US high technology seem the most amenable environment for an innately cautious, conservative concern soch as Diagnostic Products Corporation.

Yet DPC, one of the world's few remaining independent suppliers of disease and allergy diagnostic equipment, seems no more out of place in West 96th St than it would in Kassel, birthplace of chairman Dr Sigi Ziering.

In an era of outsourcing, DPC stands out as a company which relies almost exclusively on its own resources for processes ranging from electronic and mechanical hardware manufacture to writing, designing and printing its own promotional literature, labels and calendars.

This independence, executives maintain, gives it the speed and flexibility which helps it design its own destiny. More than 90 per cent of orders to the LA headquarters are dispatched the next day. DPC can also make money producing batches of 50 test kits, a feat beyond bigger competitors, claims Dr Ziering. Large companies prefer to go for mass market, high volume production, leaving DPC, which has an assay kit for thyroid conditions in dogs, ample room to explore. "Organic growth is very satisfying. You can control it," he says.

Although powerless in the face of political forces, such as health funding strictures in Italy which have cut demand for immuno-diagnostic equipment 30 per cent in five years, Dr Ziering says DPC has actually been helped by the corporate juggling among multinationals such as industry leader Abbott Laboratories and Boehringer Mannheim.

"People at large companies are always having to develop or adapt to new rules and strategies. Look at the way [Britain's] Amersham has changed hands, going to Eastman Kodak and then to Johnson & Johnson," he says. "Uncertainty like that is good for us… it creates situations that we can exploit.

"I don't really care what they do," he adds. But he still keeps a close watch; after all, one of DPC's strengths is the exploitation of perceived weaknesses.

Even competitors' tactics can be turned to advantage. For example, many companies have turned away from the isotopic technologies that underpinned the early growth of the diagnostics industry. These RIA (radio immuno assay) methods are labour-intensive and unpopular in the west because of technicians' distaste for handling blood. Automated, enclosed systems using enzymes and other reagents now account for 90 per cent of a world market worth an estimated $13bn.

However, RIA methods still account for more than half DPC's sales, because of growing markets in developed countries where labour is cheap. Even in developed countries, RIA technology maintains a market among health authorities and clinical outlets wary of investing in expensive new technology at a time of great uncertainty over funding.

DPC's 225 research and development staff – some 18 per cent of the workforce – last year perfected five new RIA kits, including one for the detection of prostate cancer in a sector estimated to be worth $300m a year. "The isotopic market has become ours by default," says Dr Ziering, "and it has become a bit of a cash cow."

He has reason to be grateful because, observers say, isotopic technologies kept the business moving after 1992 when DPC bought Cirrus Technologies, a small concern with a handful of prototype automatic, non-isotopic testing machines.

Earnings slipped as spending mounted, partly to equip the company's European factory in Llanberis, north Wales, and partly to enable DPC to catch up with larger rivals already established in this sector.

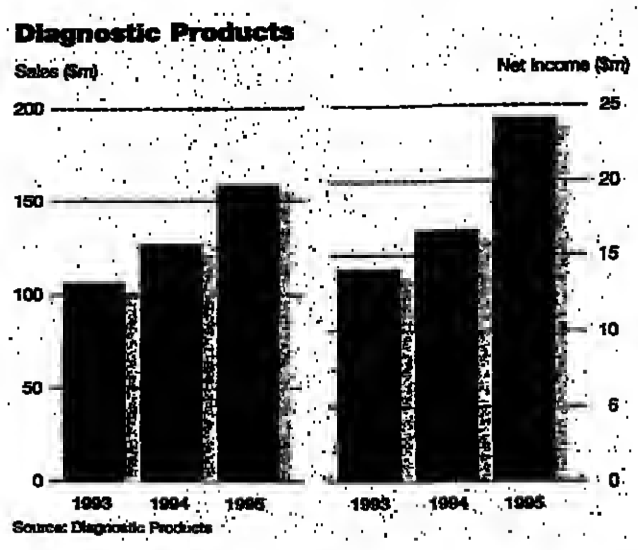
However, with 1,600 of its machines already sold – at $75,000 apiece – and an improved model due to be unveiled this summer, the worst of the transitional bumps seem to be past.

External changes are a different matter. The ground continues to shift under the feet of international medical industry specialists (DPC draws almost 80 per cent of revenues from foreign markets) as the clamp continues on health expenditure. While sales of tests for cancer and infectious diseases are rising 10 per cent or more a year, other assays show only single-digit growth in the US and Europe.

Of itself, this should not be a problem for a company where moderation is something of a mantra, but events could take a more dramatic turn if the larger players feel driven to look for faster growth.

As Dr Ziering admits, five years ago, before the latest bout of industry restructuring, DPC was where "the others might have stomped all over us".

Now, more change could be on the way. The diagnostics business at Abbott Laboratories, for example, appears to have reached a plateau, according to Dr Ziering. Spin-offs are "not unlikely," he says. "All bets are off."



Source: Diagnostic Products

NEWS DIGEST

GE sees record annual earnings

General Electric, the US manufacturer, increased its earnings by 11 per cent in the first quarter to $1.5bn, on sales up 13 per cent at $17.1bn. The company said that, based on these results and the outlook for the rest of the year, it expected record earnings for the whole of 1996.

Earnings per share, boosted by share buy-backs, rose 12 per cent to 91 cents. GE said it had purchased $897m worth of shares in the quarter, bringing the total to $4.1bn 16 months into a $9bn, three-year buy-back programme.

Sales were up in 10 of the group's 12 divisions, led by GE Capital, the TV network NBC and power systems. Sales were lower in the transportation division, which makes railway engines, after a particularly strong quarter last year.

Sales were also down in plastics, as a result of weakness in commodity products. However, better sales of high-end plastics resulted in higher operating profits for the division overall.

Seven of the 12 divisions raised operating profits, led by NBC and plastics. GE Capital raised its earnings by 12 per cent to $650m. Cash generated from operations rose from $500m to $1.2bn. GE said this was due mainly to the success of programmes instituted several years ago to speed the passage of inventories through the system, or so-called inventory turns.

Tony Jackson, New York

Overseas growth lifts McDonald's

Bad winter weather in the US kept people off the streets and hit US operating profits at McDonald's in the first quarter, the fast food chain reported yesterday. But strong overseas growth enabled the company to turn in a robust 11 per cent increase in net profits to $312.2m overall, excluding a $16m pre-tax charge for an accounting change, and the shares edged up $⅜ to $47⅞ in early trading.

In the past few weeks McDonald's shares have fallen sharply from their February high of $54¼, partly because of worries about the effects of the weather on first-quarter profits and partly because of fears that the company's international earnings would be hit by the dollar's recent rise.

In the latest quarter, US operating profits fell by 4 per cent but international operating profits shot ahead by 15 per cent. Mr Michael Quinlan, chairman and chief executive, said the company's performance was "impressive" in the face of tough competition in the US, the severe weather, and weak economies in several international markets.

Mr Quinlan said the company's accelerated expansion was continuing as the company sought to increase market share. During the quarter, 129 restaurants opened in the US and 187 opened elsewhere, including two new countries for the company – Croatia and Western Samoa. "Convenience is a critical driver of sales, as more than 70 per cent of all decisions to eat at quick service restaurants are spur-of-the-moment," Mr Quinlan said.

Richard Tomkins, New York

Dean Witter held back

Sharply higher provisions for credit card loan losses dampened an otherwise strong first-quarter performance from Dean Witter, Discover, the securities firm and consumer credit group.

First-quarter net income rose from $222m to $246m, with fully-diluted earnings per share up from $1.28 to $1.41.

Earnings from the credit services division, which runs the Discover and other credit cards, fell from $132m to $124m because of an 83 per cent increase in provisions for loan losses, from $206m to $378m.

Mr Philip Purcell, chairman and chief executive officer, said the network of retailers which accept the Discover card would now accept the group's range of Novus cards, opening the way for Dean Witter to issue new cards. He said: "There will be more cards to come, including co-branded cards and affinity cards."

The securities division increased earnings from $90.1m in the first quarter of last year, and from $116m in the last quarter to $122m, making it the sixth record quarter in a row.

Commission revenues grew 28 per cent to $301m on higher equity turnover and increased mutual fund sales, while asset management fees rose 12 per cent to $275m. Investment banking revenues jumped 66 per cent to $65m due to higher advisory and underwriting fees.

Maggie Urry, New York

Weak prices depress Nova

Weak petrochemical products prices hit Nova's first-quarter profit hard, although the natural gas pipeline businesses contributed more. Overall, the Canadian petrochemicals group earned C$97m (US$71.52m), or 20 cents a share, up slightly from the final quarter of 1995, but down from C$247m, or 51 cents, a year earlier. Revenues were C$1.1bn against C$1.2bn. The contribution from Nova's 25 per cent interest in Methanex, the methanol producer, dropped to C$1m from C$52m a year earlier.

Polyethylene volumes were up 23 per cent year-on-year. A 3-5 per cent price increase on March 1 in North America held, and a similar increment is due on May 1. Nova and Union Carbide plan a new C$825m ethylene plant in Alberta.

Robert Gibbens, Montreal

Upbeat trend continues for US drugs companies

By Richard Waters in New York

Warner-Lambert and Schering-Plough became the latest US drugs companies to report strong sales growth in the opening months of this year, contributing to a rebound in enthusiasm for drug stocks on Wall Street yesterday morning.

Warner-Lambert's sales of $1.83bn were 14 per cent higher than a year before, while Schering-Plough's revenues climbed 13 per cent to $1.4bn.

Those advances came in the wake of solid growth reported in recent days by Merck, Johnson & Johnson and Pfizer.

Drug companies' shares rose across the board after some recent weakness, led by Warner-Lambert, which climbed $3⅜, or 2.8 per cent, to $113⅝, and Schering-Plough, which rose $1⅞, or 2.4 per cent, to $59. Eli Lilly rose $2⅞, or 5 per cent, to $59⅞.

The rebound at Warner-Lambert, which was foreshadowed in an optimistic presentation to analysts earlier this month, follows a year in which the company's operating earnings per share had slipped 6 per cent.

In the first quarter, by contrast, its underlying earnings per share rose by 5 per cent, because of the sales growth and a recovery in its US confectionery business.

The stock market's recent enthusiasm for Warner-Lambert has been fuelled in large part by hopes for two pharmaceutical products which have yet to receive regulatory approval: Troglitazone, a treatment for diabetes sufferers, and Atorvastatin, a cholesterol lowering agent.

Between them, these two could eventually generate sales of more than $1bn a year, said Mr Arvind Desai, an analyst at Mehta & Isaly in New York. This would greatly boost the company's drug sales, which were $2.8bn last year.

Due in part to a gain from the sale of a business and other one-off events, Warner-Lambert's after-tax earnings rose by 28 per cent in the first quarter, to $356m, while earnings per share were up 23 per cent at $1.84.

Schering-Plough's higher sales were driven by Claritin, the anti-histamine which is the company's biggest-selling product. The drug registered a 48 per cent increase in sales, to $237m. Sales of Intron A rose 30 per cent, to $120m.

The company's net income of $327m was up 17 per cent on the year, while earnings per share rose 19 per cent to 89 cents. Results in the 1995 quarter included a loss of $6m, or 2 cents a share, from discontinued operations.

Lex, Page 14

Amelio offers bruising analysis and urges more bite

Apple Compoter faces serions problems but will return to profitability within 12 months, according to Mr Gil Amelio, the new chairman and chief executive of the struggling US personal computer company.

Two months after his arrival at Apple, Mr Amelio has delivered a "sobering report card". On Wednesday, Apple reported a $740m loss for its second fiscal quarter, ended March 29, with charges for inventory write-downs and restructuring. Sales dropped 18 per cent to $2.2bn.

Appla'a recent strategy of winning market share by dropping prices "frankly hasn't worked", says Mr Amelio. Moreover, the company has lost focus on its customers and become too enamoured with technology for its own sake.

Apple has "tried to do too much ... too many products, too many programs, too moch of everything – except investing in the future," he says, in the first public acknowledgment that Apple's renowned research and development efforts have been unfocused. "We have too many products with unacceptably low profit margins, excessive product complexity and excessive product line complexity."

Apple's gross profit margin fell from about 15 per cent of revenues in the first quarter to 9 per cent in the second quarter, far below its typical 20 per cent rate.

Moreover, tha company's cash and short-term investments dwindled to $592m, down from $952m last September, at the end of fiscal 1995. Yet, says Mr Amelio, Apple is still an "enormously powerful company. We have very high achieving employees, a commanding share in important markets, an installed base of over 20m computers and the most loyal customer base in the computer industry."

Thousands of programs run on Apple's Macintosh computers, he points out, and the company has strong brand identity. Moreover, it has technological strengths in areas that will be important as the Internet and multimedia technology become the focus of the computer industry.

Yet Apple's problems appear to outweigh its strengths. The "loyal customer base" that Apple has long claimed, has been shaken by the management crisis and takeover rumours earlier this year. The second-quarter results were oo comfort; despite sharp price cuts, unit sales dropped almost as much as revenues, which were down almost 18 per ceot, according to Mr Frank Anderson, Apple's new chief financial officer.

Moreover, Apple's brand name, its most treasured asset, has beeo tarnished by the receot problems, and the company is now spending heavily on advertising in an effort to restore its image.

The "high-achieving Apple employees" have been leaving the company in unprecedented numbers, according to executives at other Silicon Valley companies. Apple's workforce oow numbers about 15,500, down from 17,200 at the end of 1995. About 650 jobs have been cut so far this year, Mr Amelio said, and the remainder – more than 1,000 people – have choseo to leave the company.

The initial thrust of Mr Amelio's turnround plan for Apple is to liquidate certain assets and cut costs by outsourcing various operations. Mr Amelio will not specify what might be subcontracted, or what assets are to be sold, though earlier this month Apple announced plans to sell its production plant in Fountain, Colorado, and Mr Amelio says job cuts will total about 2,800 this year oo top of those lost in Colorado.

Mr Amelio says be will "focus the energies of the company on migrating to an Interoet-based computing architecture while retaining tbe characteristic ease-of-use for which the company is so well known". Rather than compete on price, Apple most offer products with higher perceived value than its competitors.

This, iodeed, was Apple's strategy during its beyday. Today, however, with Microsoft Windows providing features similar to those of the Macintosh, Apple's competitive edge has narrowed. Its much anticipated Copeland software, a oew version of the Macintosh operating system designed to restore Apple's technology leadership, will not be available until 1997.

However, as Mr Amelio points out, the Internet overshadows the issues of different types of PC operating systems – and Apple has a leadership position in Internet authoring: many World Wide Web sites are created on Macintosh computers. Mr Amelio also sees the Newtoo "mobile digital assistant" and Pippin, an "information appliance" product soon to be launched in the US, as "great launcbing pads" for Apple's Internet strategy.

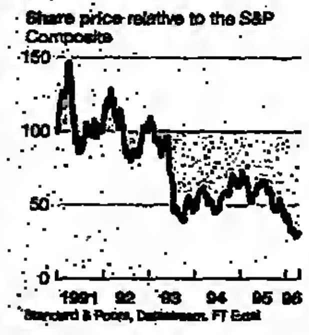
Already Mr Amelio has set a new directioo for the ailing company. Less clear is whether this is a path that can restore Apple's strength.

Louise Kehoe

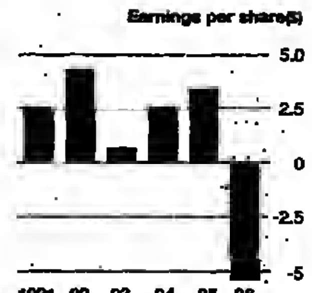
COMPANY PROFILE:
Apple Computer

Markey capitalisation	$3.1bn
Main listing	New York NASDAQ
Historic P/E	19.31
Dividend yield	1.9%
Earnings per share	$3.45
Current share price	$25.25

Gilbert Amelio chief executive



Standard & Poors, Datastream, FT Extel



COMPANIES AND FINANCE: UK

National Power spurns Southern move

By Patrick Harverson

National Power, Britain's biggest electricity generator, yesterday rejected proposals by Southern Company, the US utility based in Atlanta, Georgia, that the two groups hold merger talks.

It told Southern there was "no point" in meeting to discuss a possible merger because it was committed to a strategy of achieving vertical integration at home through its planned acquisition of Southern Electric, the regional UK electricity supplier, and expanding its international businesses.

However, Mr John Baker, chairman of National Power, said the company would be willing to consider talks if Southern made a formal offer. "National Power is not now and will not be for sale unless compelling value for our shareholders, compared with what we can realise from our own plans, is put forward in a credible way," he said.

Southern was said to be "very disappointed" at the rebuttal, and analysts said both sides were now likely to delay any move until Mr Ian Lang, trade and industry secretary, ruled on whether to approve National Power's proposed takeover of Southern Electric.

National Power's rejection of talks came in a letter from Mr Baker to Mr Thomas Boren, chief executive of Southern Electric International, the subsidiary proposing the merger.

It is understood National Power has been irked by the way Southern had made its approach. It believes the US group's suggestion that it wanted a merger was a smoke-screen, designed to disguise its real intention of taking over the UK generator.

News of National Power's rejection failed to halt the rise in the group's share price, which gained another 10p to 588p. This compares with 492p at the start of trade on Monday.

National Power also said yesterday that it was close to agreeing the sale of 4,000MW of generating capacity to either Eastern Electricity, of the UK, or AES, a US utility. Eastern, which is owned by Hanson, is believed to have offered the higher price for the plant and is favoured to win the auction.

National Power, which is selling the three power stations to meet an undertaking made to the industry regulator in 1994, could receive as much as £1.5bn for the plant.

RMC 20% ahead but warns of conditions in European markets

By Andrew Taylor, Construction Correspondent

RMC, the world's largest concrete producer, yesterday warned that it was facing a difficult year in its main European construction markets after reporting a 20 per cent rise in pre-tax profits to £341.7m ($519.4m) in 1995.

Mr Derek Jenkins, finance director, said profits in the first six months of this year would "be appreciably below those for the first half of 1995" and could even fall slightly over the year as whole, although the second half would be stronger.

The group's shares initially fell 47p, but recovered to £10.51 to finish the day 1p higher.

Its warning about difficult trading in European construction markets, exacerbated by poor weather in the first quarter, mirrored similar comments and profits warnings made by other European building material producers.

Weaker demand was expected in Germany, which accounted for more than half of operating profits in 1995, the UK and France. The recent improvement in UK house sales, however, might benefit the group in the second half.

Construction demand in western Germany, after nine years of uninterrupted growth, had deteriorated markedly at the end of last year after a fall in housing demand. Growth in construction activity in eastern Germany had also slowed.

Mr Jenkins said the German market, although lower this year, would still be at a historically high level and was expected to recover by the second half of next year.

The group would continue to benefit from the modernisation of its Rudersdorf cement works supplying the strong Berlin construction market.

German profits last year rose 10 per cent to £180.8m, but were broadly similar in D-Mark terms. Falls in ready mix concrete volumes were offset by strong cost controls and firm pricing. Cement sales and profits, however, increased.

UK profits rose 7 per cent to £76.8m, in spite of an industry fall of 6 per cent in ready mix concrete volumes and an even bigger decline in sand and gravel volumes.

Profits from other European countries rose almost 15 per cent to £52.6m, helped by new acquisitions.

There was a 70 per cent rise in profits from non-European countries to £45.4m led by improvements in Israel and in the US.

Brendan Corr

Derek Jenkins (left) with Peter Young, chief executive: expected weaker demand in Germany

SBC Warburg loses executive

By Nicholas Denton

SBC Warburg's claim to have staunched the defection of key executives was severely undermined yesterday when the investment bank unexpectedly lost its joint head of UK corporate finance.

Mr Philip Yates resigned yesterday to take a post as a managing director at Merrill Lynch, the US investment bank which is building up its UK advisory business after acquiring Smith New Court last year.

SBC Warburg executives, while maintaining that the institution had proved itself strong enough to withstand the departure of one person, conceded that Mr Yates' departure was a setback and a complete surprise.

After taking over S.G. Warburg last May, Swiss Bank Corporation lost corporate financiers from the UK investment bank including Mr Mark Seligman and Mr Michael Tory, who departed for Barclays de Zoete Wedd and Morgan Stanley respectively.

In the corporate finance department, about seven of 47 managing directors have left since the investment banking businesses of SBC and Warburg were merged, a much higher rate of turnover than the average for the industry.

SBC Warburg encouraged many of the more recent departures and the investment bank believed it was over the worst of the defections. Competitors said other SBC Warburg executives were having interviews with new prospective employers.

Colleagues said Mr Yates, 35, had strong career prospects at SBC Warburg.

Among other transactions, he worked on Bank of Ireland's £600m takeover of Bristol & West, the building society, which was announced earlier this week.

Mr Yates also advised on the £133m rights issue and refinancing by Cordiant, the advertising agency formerly known as Saatchi & Saatchi.

At Merrill Lynch, Mr Yates will work with Mr Guy Dawson and Mr Justin Dowley, who were hired to head the European and UK corporate finance sides respectively, as part of the US investment bank's expansion in Europe.

Merrill Lynch hired Mr Dawson and Mr Dowley from Deutsche Morgan Grenfell, which in turn has tapped SBC Warburg for a number of equities staff.

GKN offers top job to outsider

By Tim Burt

GKN, one of Britain's largest and most profitable engineering groups, has broken with tradition by offering the job of chief executive to an outsider with little experience of the industry.

The motor components, defence and industrial services company has invited Mr CK Chow – a divisional director of BOC, the industrial gases group – to succeed Sir David Lees, who is splitting the roles of chairman and chief executive next year.

Mr Chow, 45, managing director and chief executive of BOC Gases, the company's main division, is expected to tell his board later this week whether he has accepted GKN's approach.

It is thought to be the first time GKN has not promoted an internal director and the first time it has offered the job to an overseas candidate. Mr Chow, a Hong Kong citizen, has been with BOC since 1976.

The move follows search by Spencer Stuart, the international headhunters, after Sir David, 59, said last year he intended to become non-executive chairman.

The choice of successor is likely to surprise the City, where many industry analysts expected GKN to poach a successor from a rival engineering company or promote Mr David Turner, the current finance director.

GKN had offered the job to Mr John Parker, one of its non-executive directors and chairman of Babcock International, the industrial engineering and materials handling group. Mr Parker, however, decided he wanted to push through a three-year restructuring at Babcock.

Mr Chow is seen as one of the leading executives in Britain's chemicals industry. He has been credited with improving the performance of BOC Gases, where profits last year rose 13 per cent.

Rentokil questions BET coffers

By Geoff Dyer

Rentokil attempted to increase the pressure on shareholders in BET, the rival business services group for which it has bid £2.1bn, by warning that BET might need to launch a rights issue to meet its cash requirements.

Rentokil claimed that BET's cash position was declining and that it had negative cash flow of £29m in the year to March 31 1996. BET would need to borrow at least £10m to pay the £58m dividends it has promised for this financial year, it said.

Rentokil said: "BET does not have the funds to deliver on its promises. It might need to have a rights issue, go back on its dividend promises or cut capital expenditure."

BET dismissed the allegations as "mud-slinging" and said the group had been cash positive before acquisitions in the last financial year. Net of disposals, £65m had been spent on acquisitions, it said.

An adviser to BET said: "To say that BET needs a rights issue to pay dividends is ludicrous."

Rentokil's comments had little effect on BET's shareholders. Said one institution: "BET is not borrowing to pay the dividend, it is investing in the business."

BET has sent a document to its shareholders outlining its reasons for rejecting the Rentokil offer, which it described as "inadequate". BET said it had delivered results "superior" to Rentokil's over the last two years.

Rentokil's offer of nine new shares and £10 in cash for every 20 BET shares, plus a 4p dividend, valued BET shares at 213½p at last night's close.

BET shares fell 2½p to 205½p yesterday in heavy trading. Rentokil closed down 2p at 355p.

The offer closes on April 26.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Albert Fisher	6 mths to Feb 29	827.5	(735.5)	24.4♠	(12.6♠)	4.14L	(1.01)	1.85	July 10	1.85	-	3.75
Ashley (Laura)	Yr to Jan 27	336.6	(322.6)	10.3	(30.6L♠)	2.97	(13.41L)	0.5	July 4	nil	0.5	nil
Barlows	Yr to Dec 31	2.93	(2.1)	0.778	(0.406)	2.94†	(2.04)	1.5	July 5	1	2	1
Bloomsbury Publish.	Yr to Dec 31	11.4	(9.89)	1.01	(0.85)	7.8†	(11.46)	2.72	-	2.64	3.4	2.64
Bodycote Intl	Yr to Dec 31	80.4	(84.3)	18.9♥	(15.8♥)	20.9	(18.6)	4.1	July 1	3.6	6.5	5.75
Boot (Henry)	Yr to Dec 31	179.2	(184)	8.69	(8.16)	23.6	(22.8)	5.56	June 7	5.25	7.5	7.1
Cairn Energy	Yr to Dec 31	21.7	(15.8)	8.89L♠	(5.29L)	11.77†	(7.72)	-	-	-	-	-
Caswell	Yr to Dec 31	23.2	(22.6)	0.736♥	(0.627♠)	8.8	(13.1)	3	May 29	3	4.5	3
Edge Properties	Yr to Dec 31	1.1	(0.953)	1.04L♠	(0.8L♠)	24.1L	(22.1L)	-	-	-	-	-
Era	Yr to Dec 31	77.3	(74.8)	1	(1.3)	0.34	(1.35)	0.1	July 1	nil	0.1	nil
Forbes Oil	Yr to Dec 31	93	(59.1)	2.17♠	(1.09♠)	0.2	(0.1)	-	-	-	-	-
French Connection	Yr to Jan 31	70.7	(70.5)	3.43	(5.86)	10†	(23.2)	2	July 4	nil	2	6.5
House of Fraser	Yr to Jan 27	748.9	(754.7)	14.3	(29.4)	5	(8.2)	3.8	July 1	3.8	5.5	5.5
Jackson	Yr to Dec 31	78.6	(78.7)	1.11	(0.851)	3.2	(2.6)	1.3	July 2	1.3	2	1.8
Mice	Yr to Dec 31	14.6	(12.4)	0.817	(0.471)	0.31	(0.29)	0.068	-	-	0.12	-
RMC	Yr to Dec 31	4,614	(4,158)	341.7♥	(285.3)	81.4†	(85.3)	17.6	June 3	16	25.3	23
SmithKline Beecham	3 mths to Mar 31	1,874	(1,712)	387	(673♥)	8.5	(18.7)	4☨	July 15	3.2	-	14.25
Style	53 wks to Feb 3	174.9	(144.9)	3.86	(6.52)	6.45	(11.49)	4.66	Oct 1	4.86*	4.66	4.66*
WEW	26 wks to Feb 3	67.5	(72.7)	3.45L♠	(5.81)	2.44L	(2.41)	nil	-	0.35	-	0.7

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
F&C Pacific	Yr to Jan 31	196.5	(159.4*)	6.61	(5.58)	2.87	(2.5)	1.05	May 24	0.775*	1.85	1.375*
Fidelity Special	6 mths to Feb 29 ‡	123.87	(90.08)	0.085	(0.178)	0.23	(0.49)	nil	-	0.5	-	1◆
Henderson Highland	Yr to Feb 29 ★	126.1	(112)	1.69	(1.57)	6.47	(6.01)	1.5	May 31	1.45	5.9	5.7
Highcroft	Yr to Dec 31	353	(333)	0.85	(0.756)	14.9	(14.9)	3.75	July 2	3.5	5.85	5.5
MG Latin American	Yr to Feb 29 ★	79.6	(64.3)	0.309	(0.076)	0.48	(0.12)	0.26	June 28	0.25	-	-

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ✠After tax. ☨Includes foreign income dividend element of 2.22p. *Equivalent after allowing for scrip issue. ★Comparatives restated. ‡Comparatives for 20 weeks. ◆Includes special dividend of 0.5p.

C&W writes down east European investments

By Alan Cane

Cable and Wireless, the UK-based telecommunications company currently involved in merger talks with British Telecommunications, will take a £120m exceptional charge in its 1995-96 profit and loss account after disappointing results from the company's operations in eastern Europe.

These are a 32 per cent stake in Petersburg Long Distance, a 50 per cent stake in Belcel, the Belarussian national cellular operator, a 63 per cent stake in Tilts, shareholder in Lattelekom, the Latvian national operator, and a 49 per cent stake in RTC, a Bulgarian cellular operator.

The charge, which includes £76m of goodwill, will not have any impact on the cash position, the company said. "It has been made in the interests of maintaining a conservative financial accounting policy and will be more than offset by the exceptional first half profit of £199m on the disposal of C&W's holding in Mannesmann Mobilfunk."

Mr Stephen Pettit, C&W executive director for Europe, said: "We have taken positive management action to put our central and eastern European businesses on a sound commercial footing during 1995-96.

"The expectations that we had when we first entered these markets have not been realised".

Thornton Asian agrees TR Pacific offer

By Roger Taylor

Thornton Asian Emerging Markets Trust has agreed terms for a takeover bid by rival investment trust TR Pacific after four weeks of negotiation.

Last month TR Pacific announced proposed terms of its bid for Thornton, offering either cash or TR Pacific shares. Both the cash and shares offers are at a premium to the current value of Thornton shares.

Thornton Asian is one of the worst performing trusts of its type and had been drawing restructuring plans when TR Pacific announced its bid.

It was thought to be planning to convert into a unit trust.

The board, chaired by Lord Walker of Worcester, had until the end of yesterday to decide whether or not to accept the bid. It has taken as long as possible to reach a decision, to give it time to examine all other options.

However, the TR Pacific offer was favoured by most investment trust analysts. TR Pacific has been one of tha best performing trusts in its sector.

Thornton Asian has now agreed offer terms, slightly amended from the original proposals, which it will recommend to shareholders.

TR Pacific plans to send out details of the recommended offer to shareholders today, but some details were still to be agreed last night.

Thornton Asian's weak investment performance has been hindered by direct investment in unquoted businesses in China, the value of which is hard to establish.

TR Pacific is offering Thornton Asian shareholders conversion shares in respect of these boldings, which will be converted into TR Pacific shares once enough of the Chinese holdings have been sold.

Laura Ashley back in black and pays dividend

By Motoko Rich

Laura Ashley, the "lifestyle" clothing and home furnishings group, returned to the dividend list for the first time since 1989 as it announced it was back in the black with pre-tax profits of £10.3m ($15.7m).

The results for the year to January 31, which compared with losses of £30.6m, were struck on sales up 4 per cent to £336.6m (£322.6m). The group proposed a dividend of 0.5p.

The shares rose 16p to 180p.

Ms Ann Iverson, appointed chief executive last July, said the group was embarking on an expansion programme in the US and the UK, raising North American shop floor space by 25 per cent and square footage in the UK by 8 per cent.

The group was not expanding in continental Europe. "We are going after real estate and growth relative to our opportunities right now, which are in the US and the UK," she said.

Continuing the review she began at the interim stage, Ms Iverson said the group would also cut prices by 10 to 15 per cent on standard items such as T-shirts and white blouses, study its supply chain for rationalisation potential and cut a total of 66 jobs from its manufacturing staff of 1,100 in Wales.

Ms Iverson said the group had considered closing, demerging or selling its manufacturing plant but decided "that action would not be in the best interests of the shareholders".

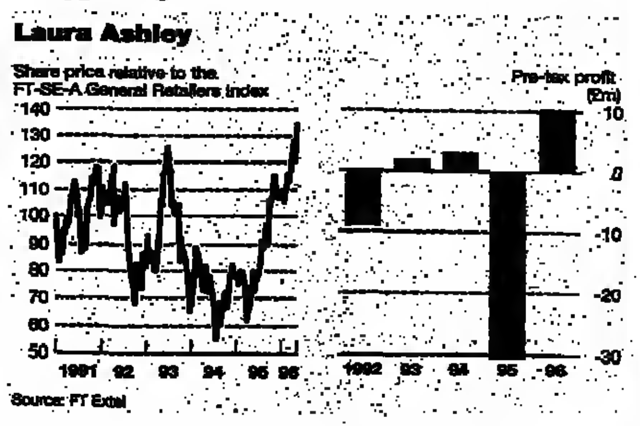
The company would also cut costs in its distribution network, consolidating its use of Federal Express.

UK retail sales rose 7 per cent to £148.2m, with home furnishings sales up 13 per cent and garment revenues increasing by 8 per cent.

In North America, retail sales fell 2 per cent to $96m, due to an "unacceptable garment offer", difficult trading conditions and the relatively small size of the group's shops.

In the first 10 weeks of the current year retail sales were down 3 per cent. Ms Iverson said this was in part because of a delay in launching this year's home furnishing range in the US.

Laura Ashley



Source: FT Extel

CONTRACTS & TENDERS

LEGAL NOTICES

COMMODITIES AND AGRICULTURE

International Nickel Study Group forecasts balanced market in 1996

By Kenneth Gooding, Mining Correspondent

The world nickel market would be broadly in balance this year, the International Nickel Study Group said yesterday. It added: "1996 and 1997 look attractive from a producer vantage point".

The announcement was taken to be "mildly bearish" by analysts at Macquarie Equities, part of the Australian banking group.

"Given that London Metal Exchange nickel stocks have fallen by 11,256 tonnes so far this year, this implies a surplus during the rest of 1996," Mr Jim Lennon and Mr Adam Rowley pointed out in their daily Commodities Report.

Looking further ahead, the INSG said its survey of industry developments indicated relatively little new production capacity was scheduled to come into operation between this year and 2000. Increases from existing and confirmed new projects would add 100,000 tonnes of annual mining capacity and 50,000 tonnes of refined nickel capacity.

These calculations did not include prospective developments such as Voisey's Bay in Canada and several proposed projects in Australia for which feasibility studies had not been completed or had not been given the go-ahead. It suggested, however, that Voisey's Bay could be producing 122,000 tonnes a year by 2000.

The INSG said its latest data showed nickel demand in the western world last year jumped by 21 per cent, sparked by record production of stainless steel, the biggest consumer of the metal. "We see the nickel market taking a pause in 1996," it added.

Global nickel consumption in 1995 was 981,000 tonnes, according to the INSG's latest data. Production was 917,000 tonnes of refined nickel, giving a supply deficit of 64,000 tonnes.

The INSG's membership includes companies accounting for 90 per cent of global production and government representatives from countries responsible for nearly 80 per cent of consumption.

Peruvian zinc expansion studied

By Robert Gibbens in Montreal

Cominco, the big Canadian mining group, will decide by the end of the year whether to raise annual capacity at its Cajamarquilla electrolytic zinc refinery near Lima, Peru, from 105,000 tonnes of zinc metal to 230,000 tonnes.

Cominco bought 82 per cent of the refinery in February 1995 for US$90m. Marubeni of Japan owns 17 per cent and the employees 1 per cent. Concentrates come from Peruvian mines, which produce four times as much concentrate as the country's refining capacity. Cominco is intensifying its exploration for zinc in Peru.

Expanding Cajamarquilla would cost well over US$200m, said a Cominco official in Vancouver. Technical studies were under way and power would be sourced from outside.

Cuban sugar planting 'behind schedule'

Planting of new sugar-cane for Cuba's harvest next year is well behind schedule, with less than half the target completed for the January-April planting season, official media said yesterday, reports Reuters from Havana.

The state news agency AIN said that in the four months to April 30, the target was to plant 166,526 acres of cane; but so far, only 78,380 acres had been sown.

There was a need for a "complete turnaround" in this situation, AIN said, without giving reasons for planting being so far behind schedule.

The delays contrast with official optimism that the 1995-96 harvest is set to be a big improvement on last season's.

Officials expect the country to meet its target of 4.5m tonnes, compared with 3.3m in 1994-95. President Fidel Castro said on Tuesday that production had already nearly reached 3.8m tonnes.

Cold but no frost in Brazil

No frosts were reported in Brazil coffee growing regions yesterday morning although officials at co-operatives in the states of Minas Gerais and Sao Paulo said the temperature had dropped overnight.

Temperatures hit lows of 13 degrees Centigrade in Pocos de Caldas in south-western Minas Gerais.

Coffee futures firmed on Wednesday on speculative buying after Brazil's National Institute of Meteorology reported the possibility of frost in some coffee growing areas.

'Dead sea scroll' shows signs of life

Canute James reports progress on implementation of the Law of the Sea Treaty

For years cynics referred to it derisively as the "dead sea scroll". The protracted and inconclusive negotiations about implementing the Law of the Sea Treaty appeared to be proving them right. Now, however, its supporters are claiming a victory.

The latest round of negotiations have ended with agreement on the composition of the council to run the International Seabed Authority, the specialised UN agency that will implement the treaty. There has also been agreement on the politically sensitive post of ISA secretary general. This has cleared the way for the authority to begin work on monitoring the exploitation of minerals from the international seabed, determine the commercial operations of miners and to adjudicate in disputes.

"The objective is to provide the machinery for the administration of the resources of the deep seabed, which are the common heritage of mankind, and the development of those resources so that the international community as a whole may benefit from them," says Mr Satya Nandan of Fiji, the ISA's secretary general.

At the centre of the 13-year debate in many sessions of the United Nations Law of the Sea Conference are thousands of billions of dollars worth of polymetallic nodules are lying on the international seabed outside the 200-mile economic zone of any country. The nodules contain copper, nickel, manganese and cobalt, and varying quantities of other minerals.

The way is now clear for the International Seabed Authority to begin monitoring the exploitation of minerals from the international seabed

With the resources of the international seabed having been declared the "common heritage of mankind" by the UN, industrialised and developing countries have been locked in arguments about who would will benefit from deep seabed mining. The majority of the UN members were concerned that, lacking the technology for seabed mining and the money to finance it, they would have no share of the wealth. Industrialised countries feared that the ISA and its organs could be controlled by governments and would not adhere to market principles.

With these concerns, the composition of the 36-member council to run the authority was a major issue over the past two years. The deadlock was broken last month in another round of the Law of the Sea negotiations at the ISA's headquarters in Jamaica, when agreement was reached on the geographical distribution of seats.

One group on the council, consisting of Japan, Russia, the UK and the US, will represent the major importers and consumers of seabed minerals. China, France, Germany and India will represent the major investors in seabed mining. Producers of seabed minerals are represented by Australia, Chile, Indonesia and Zambia while the concerns of developing countries will be represented by Bangladesh, Brazil, Cameroon, Nigeria, Oman and Trinidad and Tobago.

"This is a complex system of representation," admitted Mr Nandan. "It has the various interest groups represented, and also ensures equitable geographical representation. The system is designed to provide secure rights to seabed minerals, and to balance that with the interests of the authority, which represents the international community."

The ISA will be supported by the Enterprise, a commercial arm that will oversee exploration and mining through joint ventures among private companies and states. A tribunal will be established to adjudicate disputes over seabed mining among states and companies. The authority and the Enterprise will be located in Jamaica, while the tribunal will be in Hamburg.

The participation of land-locked countries in sea-bed mining and in the benefits of mining, and the effect that unbridled exploitation of seabed minerals could have on land-based producers, have been among the main concerns of traditional producers. A flooding of markets and depressed prices would be to the detriment of land-based producers.

These will have recourse to the ISA's tribunal and also to the World Trade Organisation. Efforts to limit disruption of the trade in minerals will include a condition from mining consortia that their production plans include an estimate of the maximum quantity of minerals to be produced each year. Land-based producers who are adversely affected by seabed mining may also be entitled to compensation.

Despite the breakthrough at its latest meeting, the ISA still faces some uncertainties. Although the treaty has been ratified by several industrial countries, with others such as France, Japan and the UK promising to do so by the end of this year, the US appears still to have reservation about the possibility of government influence outweighing commercial operations in seabed mining. A Republican victory in this year's US presidential election will further set back US involvement, said delegates to the ISA meeting.

The active participation of major countries is also important to the funding of the Seabed Authority. Its budget, to be drafted by Mr Nandan's staff, will be based on funding from the UN for two years. After that funding will come from members, based on the UN contribution scale. "Countries such as the US are major contributors to the UN," said an official of the Organisation. "The participation of these states in the ISA is very important."

Analysts sceptical about Ukrainian grain recovery

By Matthew Kaminski in Kiev

Ukraine expects a better grain crop year after the disastrous harvest of 1995, the agriculture ministry announced yesterday. It forecast grain production at 39m tonnes this year, up over 7m tonnes from last year, when the harvest was the lowest in over a decade.

Analysts are sceptical about the recovery being that dramatic, given the inherent shortcomings in the farming economy, largely unreformed since the Soviet Union's collapse ended the intricate central planning arrangements.

The projection also may be premature as winter wheat, which makes up most of the wheat crop, remains to be harvested. Moreover, not all the spring crops have been planted, delayed by continuing cold weather in eastern Europe.

"Maybe it's possible, but my bet would be you wouldn't get grain production above 35m tonnes," said an agriculture economist at the World Bank.

Yields and production have been falling since the late 1980s. Last year's 31.9m tonne grain harvest marked a nadir. The last good crop came in 1989 at 47.7m, according to the US Department of Agriculture.

Collective farm reorganisation has been limited and the state owns over 95 per cent of farm land.

Since collectives ran up bad debts to commercial banks, many today cannot get credits to purchase fertilisers or new equipment. High interest rates are prohibitive as well. Spot shortages of fuel and other inputs are blamed for the drop off.

The Kiev government, pressed to keep a tight budget and liberalise the economy, this year plans to purchase 5m tonnes of grain. State contracts covered half the harvest just two years ago.

The government's withdrawal from agriculture lets farmers better choose their suppliers and buyers, getting market prices. But many farmers depend on the state credits, a lifeline drying up quickly.

Agricultural monopolies, such as grain elevators, are a strong lobby that continues to block attempts at privatising agro-industry and land.

Ukraine sits on fertile "black earth" and accounts for roughly half the farming potential of the former Soviet Union. Agriculture makes up 17.3 per cent of the gross domestic product and the food industry contributes 14 per cent to Ukraine's economic output.

But crop and livestock production have contracted by about 20 per cent since 1990.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE (Prices from Amalgamated Metal Trading)

[illegible]

PRECIOUS METALS

[illegible]

Precious Metals continued

[illegible]

ENERGY

[illegible]

GRAINS AND OIL SEEDS

[illegible]

SOFTS

[illegible]

MEAT AND LIVESTOCK

[illegible]

LONDON TRADED OPTIONS

[illegible]

LONDON SPOT MARKETS

[illegible]

FUTURES DATA
All futures data supplied by CMS.

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

[illegible]

JOTTER PAD

CROSSWORD

No.9,047 Set by VIXEN

ACROSS
1 Putting a girl in goal came next (6)
4 Note drink is provided for the newsman (8)
9 Map points where there are trees (6)
10 Prizing fish, always content (8)
12 Constituents relent – so that's the story! (8)
13 Among builders his work's the tops (6)
15 Some pose real problems when dried up (4)
16 Such dealers get no rest – it's a mistake (10)
19 Recreation not suitable for outgoing people (6,4)
20 The male representative is a dope! (4)
23 Work out the money to allow for a little shot (6)
25 Get together to make charge about new trade (8)
27 Striking Conservatives as sweeping (8)
28 Exercising iron rule, being catty (6)
29 Odd characters are sent by a piece of music (8)
30 Composed, though in prison (6)

DOWN
1 Former journalists, say (7)
2 The trend's in bad condition – all split (9)
3 Several but not all feel evenings are best (6)
5 Almost never rising before nightfall (4)
6 Slip up on taking superior view (8)
7 Oliver's corkscrew (5)
8 Looks for an expression of friendship (7)
11 Get back into heart and train (7)
14 Checked with supporters (7)
17 The face of architects! (9)
18 Approach big noise about a buffoon (8)
19 Showing no respect for the rogue with debts (7)
21 Page respecting nurse's claim (7)
22 It's really hard to cut string (5)
24 Change "alter" to "after" (5)
26 Talk about personal cover (4)

Solution 9,046

INTERNATIONAL CAPITAL MARKETS

German rate cuts boost European sector

By Richard Lapper in London and Lisa Bransten in New York

The Bundesbank's cut in interest rates yesterday triggered strong performance by shorter-dated government securities, with yield curves steepening throughout mainland Europe.

Europe also outperformed the US, where Treasuries were hit by new signs of stronger economic activity. At same time the strength of the dollar, at least until the late afternoon in Europe, helped France and the high-yielding European markets outperform Germany, with 10-year yield spreads over bunds narrowing in.

Analysts said that the rate cut had also helped underpin convergence trades. By promoting the prospect of interest rate cuts elsewhere in Europe and increasing the chances of economic recovery, the cut would help increase fiscal revenues and help governments meet the Maastricht criteria for monetary union, they argued.

■ The German market was buoyed by the rate cuts, with the June 10-year futures surging to a high of 96.79 in the early afternoon at Liffe. Prices later drifted back slightly, *reflecting* weakness in the US Treasury market, settling at 96.39, up 0.16.

In the cash market the benchmark 10-year bund, 6 per cent due 2006, gained 0.02, outperforming its US equivalent which fell by ⅜ by the European close. US bonds are now yielding 23 basis points more than their German equivalents, a rise of 7 basis points on the day.

Ms Phyllis Reed, European bond strategist with BZW, pointed to actual decoupling with the markets moving in opposite directions but said: "This is a trend which cannot continue for long." Short-dated bonds performed particularly strongly with the spread between two and 10-year securities rising by 10 basis points. At Liffe the June euromark future settled at 96.59, up 0.06.

Mr Stuart Thomson, chief international economist with Nikko Europe, said the curve steepening indicated that the markets did not expect another cut in interest rates. "Had they expected another rate cut to follow you would have seen a better performance by the longer end," he said. Mr Thomson argues that there is *room for a further cut*, predicting another 50 basis point reduction in the discount rate in late September or early October.

■ The German rate cut was followed immediately yesterday by cuts in Austria, Belgium, Denmark and the Netherlands and has increased expectations of similar action by France, Spain and Italy. The short end of all three markets were bolstered by this prospect yesterday. At Matif, June Pibor settled at 95.99, off the day's high of 96.02, but still up 0.15.

Yields on French benchmark five-year paper fell by 10 basis points, compared with a 5 basis point fall in the ten-year sector. OATs still significantly outperformed bunds, with the 10-year yield spread falling to 9 basis points, compared with 12 at Wednesday's close. Spreads between two and 10-year paper in Italy and Spain widened by 5 and 10 basis points respectively.

Buoyed by the early strength of the dollar, 10-year maturities of *the high-yielders also* outperformed Germany, with 10-year yields spreads for Italy and Spain contracting 14 basis points to 393 points, and 15 basis points to 274 basis points, respectively.

■ The UK also outperformed Germany, with the 10-year spread of gilts over bunds narrowing 5 basis points to to 174. At Liffe the June long gilt settled at 105$\frac{23}{32}$, up $\frac{14}{32}$. However, against the European trend the yield curve flattened slightly. Analysts attributed this to the limited scope for further interest rate reductions in the UK.

Although the markets shrugged off the impact of figures for the PSBR for March, supply does seem to have been a factor in what analysts said was a poor response from investors to an issue of some £400m of index-linked gilts.

■ More worries about inflationary pressures sent US Treasury prices lower in early trading yesterday. Near midday, the benchmark 30-year Treasury was off ¼ at 89$\frac{12}{32}$ to yield 6.831 per cent, while at the short end of the maturity spectrum, the two-year note fell $\frac{1}{32}$ to 100$\frac{3}{32}$, yielding 5.987 per cent. *The June Treasury* bond future was off $\frac{9}{32}$ at 109$\frac{18}{32}$.

The Bundesbank's interest rate cut helped bonds post modest gains in early trading, but prices started falling after the release of figures showing strong gains in manufacturing activity in the Philadelphia area.

The Federal Reserve Bank of Philadelphia said its index of business jumped to 17.3 in April from negative 0.1 in March. That is the highest figure for the index since October of last year.

But the report was not all bad news for the bond market. The prices-paid component rose to 12.7 while the prices-received component fell to negative 6.7, suggesting higher input prices are not being translated into higher final prices.

The dollar also exerted downward pressure on the bond market early yesterday as it lost ground against the D-Mark and the yen. In early trading the US currency was changing hands for Y106.82 and DM1.5030 compared with Y108.24 and DM1.5062 late on Wednesday.

Hewlett-Packard keeps up rush of dollar paper

By Conner Middelmann

Another steady stream of new issues hit the market yesterday, featuring several more dollar deals and two large asset-backed issues.

Keeping up the recent rush of short-dated retail-targeted dollar paper, Hewlett-Packard Finance launched $200m of three-year bonds yielding 8 basis points over Treasuries. While this was seen by some as tight, *joint leads Morgan Stanley* and Nikko said that the issue saw good demand from Swiss retail investors who traditionally favour US corporate bonds.

A $150m five-year bond from unrated UK sweetener and starch company Tate & Lyle received a warmer response, partly because of its 50-basis-point spread over gilts. Lead manager UBS reported strong demand from UK institutions, which were slowly returning to the market after being side-*lined in recent weeks.*

Another deal that appealed to UK investors, albeit more retail-oriented, was a £150m issue of three-year bonds for BNG, the Dutch municipal bank. "It's the first time in at least a year that a triple-A rated borrower is tapping the three to five-year sector," said an official at lead ABN Amro Bank.

INTERNATIONAL BONDS

In euroyen, the Republic of Argentina issued Y50bn of 5.5 per cent five-year bonds targeted largely at regional banks and corporations. Although the paper looks tightly priced compared with Argentina's outstanding debt in other currencies, the coupon appeals to Japanese investors, an official at book-runner Nikko Europe said.

In the D-Mark sector, Citibank launched its well-flagged DM1bn of credit-card backed floating-rate notes. According to lead manager Merrill Lynch, the issue was about 10 per cent oversubscribed. The notes carry a coupon of 7 basis points over Libor, deemed by some to be tight. However, a Merrill official said a comparable dollar issue would carry a similar interest rate.

A $1.5bn global floating-rate note pegged to US Treasury Bill rates for the US Student Loan Marketing Association was also launched. While pricing and allocation were not finalised late in Europe, lead manager Lehman Brothers said the book was heavily over-subscribed, including a large portion of European investors.

A $500m global callable bond for the US Federal National Mortgage Association (Fannie Mae) also saw strong demand, especially in Asia, which caused its 41-basis-point launch spread to narrow to 39 by the close, according to Goldman Sachs, which jointly led the deal with Merrill Lynch.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
SSLT 96-2, Class A1(a1)★‡	975	(a2)	(a2)	Apr 2001	-	-	Lehman Brothers
SSLT 96-2, Class A2(a3)★‡	487	(a4)	(a4)	Apr 2006	-	-	Lehman Brothers
CCDO(b)‡	200	(b1)	99.90R	May 2000	0.125R	-	UBS
Hewlett-Packard Finance Co	200	6.25	99.91R	May 1999	0.20R	+8(5%-99)	M Stanley/Nikko Europe
Tate and Lyle Intl Finance	150	6.875	99.748R	May 2001	0.325R	+50(Wl 5yr)	UBS
Frome Company(c)‡	122.5	(c1,s)	100.25	Mar 2001	0.25	-	JP Morgan
D-MARKS							
CCCMT 1, S.96-3, Class A(d)‡	1bn	(d1)	100.00R	May 1999	0.175R	-	Merrill Lynch Bank
National Bank of Hungary‡	500	(e)	99.90	May 2002	0.40	-	Westdeutsche Landesbank
Euroshield Inva Lux(f)‡	300	(f1,s)	101.01	Apr 2002	0.30	-	DG Bank
Air Canada	250	7.125	99.50R	May 2001	0.80R	+200(8¾%-00)	Bayerische Landesbank
YEN							
Republic of Argentina(s)★	50bn	5.50	100.00R	Mar 2001	0.875R	-	Nikko Europe
STERLING							
BNG(s)	125	7.375	99.655R	Dec 1999	0.1875R	+10(6%-99)	ABN Amro Hoare Govett
Bank of Scotland Tay(g)‡	100	(g1)	100.00R	May 1998	0.18R	-	SBC Warburg
LUXEMBOURG FRANCS							
Bremer LB Capital Mkts(s)	2bn	6.125	102.30	Dec 2002	1.875	-	Cdt Européen/Kredietbank
Cregem International Bank	2bn	6.625	102.25	Jun 2001	1.75	-	BIL
PESETAS							
Council of Europe(h)	10bn	(h1)	101.425	May 2011	1.625	-	JP Morgan

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. ‡ Floating-rate note. R: fixed re-offer price; fees shown at re-offer level. a) SLM Student Loan Trust. a1) Legal maturity: 25/10/01. a2) Priced later: 3-mth T-bills +51-52bp. a3) Legal maturity: 27/7/09. a4) Priced later: 3-mth T-bills +70-72bp. a5) Certificates: $53m, 3-mth T-bills +92-97bp, expected maturity 25/4/06. b) Callable from May99 at par. b1) 3-mth Libor +8¼bp. c) Six tranches: $34.4m, £8.4m, DM50m, SFr7.5m, Fl20m, BFr750m; similar terms. c1) 3-mth Libor +15bp. d) Citibank Credit Card Master Trust. Legal maturity: 16/5/01. d1) 3-mth Libor +7bp. d2) Class B denominated in US$ was privately placed in the US. e) 3-mth Libor +90bp. f) Backed by Italian Treasury CCTs. f1) 3-mth Libor +⅛%. g) Callable in May97 at par. g1) 3-mth libor +30bp to May97 and 7.75% fixed annual thereafter. h) Callable on 22/5/01 at par. h1) 9.14% to 22/5/01 and 8.64% thereafter. s) Short 1st coupon.

CSFB to lead Hungarian chemicals sell-off

By Virginia Marsh in Budapest

APV, the Hungarian privatisation agency, has appointed CS First Boston, the investment banking arm of CS Holding of Switzerland, as global co-ordinator and lead manager on the sale of Tiszai Vegyi Kombinat, the country's largest chemicals company.

The sale, through an international private placement and a smaller domestic public offer, is expected to raise more than $100m, which will make it one of the country's biggest equity offerings.

APV has yet to decide on the size of the holding it will offer, but bankers said it would be a minimum of 51 per cent and could rise to 70-75 per cent if demand was strong. APV, which aims to carry out the offering by July, intends to float the company on the Budapest stock exchange and is also considering a listing on a western European bourse.

TVK, which produces polypropylene and polyethylene for the plastics industry, made after-tax profit of about Ft12.5bn ($86m) on revenues of Ft63bn last year, according to preliminary figures. Around half of production was exported.

CSFB was awarded the mandate ahead of several investment banks, including SBC Warburg and Hongkong and Shanghai Banking Corporation. HSBC was joint global co-ordinator on the sale of a majority stake in Hungary's second chemical producer, Borsodchem, in the country's only other large international offering so far this year.

TVK, based in north-eastern Hungary, is one of several large companies APV has decided to sell to financial investors rather than to strategic partners, following a shift in policy. The Socialist-led government which took office in mid-1994 has helped boost the *country's fledgling capital markets* by floating more state companies than its predecessor: newly privatised companies such as Richter Gedeon and Egis, the pharmaceuticals companies, have led this year's rally on the Budapest stock exchange.

● A $150m syndicated loan facility for Industrial Development Bank of India, India's leading development institution, has closed after being oversubscribed by 30 per cent in general syndication, writes Antonia Sharpe.

The facility, which was signed on April 12, has a seven-year life but it also carries five-year put and call options.

The inclusion of the options represents a weakening *of* the Indian government's guidelines that loans of more than $15m raised by Indian entities must have a minimum average life of seven years.

The loan, which carries a margin of 60 basis points over London interbank offered rate (Libor) plus undisclosed fees, was originally underwritten by ANZ, the arranger, but was then co-underwritten by DG Bank, Kredietbank, Development Bank of Singapore and Fuji Bank. The loan was then *syndicated* to a further 16 banks.

The funds raised will be on-lent to Indian companies to *finance the expansion of manufacturing* and infrastructure facilities.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	02/06	106.3080	+0.140	8.03	8.02	8.70
Austria		6.125	02/06	97.3400	-0.040	6.50	6.57	6.56
Belgium		7.000	05/06	102.1300	+0.200	6.70	6.76	7.33
Canada *		8.750	12/05	106.6400	-0.240	7.75	7.84	7.74
Denmark		8.000	03/06	104.8800	+0.440	7.31	7.50	7.66
France	BTAN	5.750	03/01	100.2500	+0.360	5.70	5.71	5.73
	OAT	7.250	04/06	105.1600	+0.370	6.53	6.59	6.73
Germany Bund		6.000	02/06	96.7400	+0.020	6.45	6.51	6.53
Ireland		8.000	08/06	102.0800	+0.710	7.69	8.03	8.00
Italy		9.500	02/06	95.7600	+0.290	10.19†	10.29	10.38
Japan	No 140	6.600	06/01	119.3170	+0.050	2.39	1.95	1.89
	No 182	3.000	09/05	97.7410	+0.240	3.32	3.23	3.24
Netherlands		6.000	01/06	97.2400	+0.180	6.39	6.49	6.52
Portugal		11.875	02/05	116.6500	+0.750	9.04	8.36	8.71
Spain		10.150	01/06	105.9300	+1.130	9.17	9.59	10.01
Sweden		6.000	02/05	85.6150	+0.440	8.37	8.45	9.18
UK Gilts		8.000	12/00	101-29	+6/32	7.50	7.57	7.37
		7.500	12/06	95-31	+12/32	8.07	8.15	8.11
		9.000	10/08	106-15	+14/32	8.16	8.28	8.23
US Treasury *		5.625	02/06	93-08	-11/32	6.57	6.65	6.35
		6.000	02/26	89-12	-12/32	6.84	6.92	6.66
ECU (French Govt)		7.500	04/05	103.7600	+0.400	6.93	7.08	7.18

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
Prime rate	8¼	One month	5.10	Two year	6.00
Broker loan rate	7	Two month	5.00	Three year	6.15
Fed.funds	5$\frac{5}{16}$	Three month	5.00	Five year	6.38
Fed funds at intervention	.	Six month	5.26	10-year	6.57
		One year	5.56	30-year	6.84

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	121.84	122.38	+0.40	122.58	121.78	234,533	149,835
Sep	120.54	121.02	+0.38	121.00	120.50	812	5,776
Dec	119.26	119.70	+0.34	118.26	119.24	152	1,124

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls May	Calls Jun	Calls Sep	Puts May	Puts Jun	Puts Sep
119	-	-	-	-	0.11	0.84
120	-	-	-	0.02	0.23	-
121	1.41	-	-	0.04	0.39	-
122	0.54	1.07	-	0.20	0.69	-
123	0.09	0.54	-	0.71	1.17	-

Est. vol. total, Calls 23,970 Puts 23,761. Previous day's open int., Calls 156,418 Puts 163,593.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.27	96.39	+0.16	96.78	95.99	235535	193707
Sep	95.42	95.49	+0.14	95.70	95.42	510	6236

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls May	Calls Jun	Calls Jul	Calls Sep	Puts May	Puts Jun	Puts Jul	Puts Sep
9600	0.52	0.92	0.68	1.03	0.13	0.53	1.19	1.54
9650	0.21	0.64	0.48	0.81	0.32	0.75	1.49	1.82
9700	0.06	0.41	0.33	0.63	0.67	1.02	1.84	2.14

Est. vol. total, Calls 26458 Puts 18761. Previous day's open int., Calls 252745 Puts 211500

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	110.05	111.06	+0.94	111.45	110.00	64418	47155
Sep	110.40	110.45	+0.91	110.40	110.40	100	272

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
11100	1.50	2.24	1.44	2.79
11150	1.25	2.02	1.69	3.07
11200	1.02	1.82	1.96	3.37

Est. vol. total, Calls 6045 Puts 5510. Previous day's open int., Calls 63548 Puts 80111

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	97.55	98.60	+1.06	98.69	97.50	97,530	44,294

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	105-10	105-23	+0-14	106-05	105-06	70936	121286
Sep	-	104-23	+0-14	-	-	0	165

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls May	Calls Jun	Calls Jul	Calls Sep	Puts May	Puts Jun	Puts Jul	Puts Sep
105	0-55	1-27	1-12	1-47	0-09	0-45	1-30	2-01
106	0-18	0-55	0-51	1-20	0-36	1-09	2-05	2-38
107	0-02	0-30	0-32	0-62	1-20	1-48	2-50	3-16

Est. vol. total, Calls 2526 Puts 5228. Previous day's open int., Calls 43172 Puts 41965

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	90.40	90.78	+0.36	90.98	90.32	2,630	7,586
Sep	-	90.20	-	-	-	-	-

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	109-24	109-18	-0-09	110-09	109-18	248,894	359,297
Sep	109-06	109-01	-0-09	109-23	109-01	409	26,616
Dec	108-26	108-24	-0.01	108-26	108-21	433	5,334

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	118.17	-	-	118.48	118.17	3441	0
Sep	117.35	-	-	117.40	117.33	47	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Apr 18	Day's change %	Wed Apr 17	Accrued interest	xd adj. ytd		Low coupon yield Apr 18	Apr 17	Yr. ago	Medium coupon yield Apr 18	Apr 17	Yr. ago	High coupon yield Apr 18	Apr 17	Yr. ago
1 Up to 5 years (24)	121.80	+0.15	121.51	2.49	2.52	5 yrs	7.58	7.64	8.29	7.80	7.86	8.38	7.71	7.77	8.49
2 5-15 years (19)	145.52	+0.37	144.98	2.85	2.79	15 yrs	8.21	8.26	8.33	8.22	8.26	8.40	8.32	8.37	8.60
3 Over 15 years (9)	160.02	+0.47	159.28	2.84	3.48	20 yrs	8.28	8.32	8.32	8.27	8.32	8.40	8.35	8.40	8.54
4 Irredeemables (6)	183.54	+0.46	182.71	4.15	1.47	Irred.†	8.34	8.38	8.38						
5 All stocks (58)	141.12	+0.31	140.72	2.77	2.82										

Index-linked							Inflation 5% Apr 18	Apr 17	Yr. ago	Inflation 10% Apr 18	Apr 17	Yr. ago
6 Up to 5 years (1)	194.07	+0.21	198.06	-0.19	4.43	Up to 5 yrs	2.88	2.99	3.32	1.43	1.73	1.78
7 Over 5 years (11)	186.43	+0.15	186.18	1.11	1.38	Over 5 yrs	3.72	3.73	3.81	3.50	3.54	3.60
8 All stocks (12)	186.48	+0.15	186.30	1.06	1.40							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Apr 18	Apr 17	Apr 16	Apr 15	Apr 12	Yr ago	High*	Low*
Govt. Secs. (UK)	92.29	92.19	92.42	92.36	92.29	92.11	96.34	91.97
Fixed Interest	111.88	111.83	111.96	111.90	111.79	111	115.23	110.74

* for 1996. Government Securities high since compilation: 127.4 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Apr 17	Apr 16	Apr 15	Apr 12	Apr 11
Gilt Edged bargains	86.8	86.4	74.7	79.7	84.5
5-day average	82.4	83.8	82.0	84.9	87.8

UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Shorts (Lives up to Five Years)							
Treas 15¼pc 1996‡‡		15.19	7.12	100$\frac{13}{32}$	---	106	100$\frac{13}{32}$
Exch 13¼pc 1996‡‡		13.16	6.52	100$\frac{5}{32}$	---	106$\frac{3}{32}$	100$\frac{5}{32}$
Treas 2pc 1996		0.92	5.86	217$\frac{13}{16}$	---	217$\frac{13}{16}$	207$\frac{11}{16}$
Conversion 10pc 1996		9.78	6.07	102$\frac{3}{16}$	---	104$\frac{13}{16}$	102$\frac{3}{16}$
Treas 13¼pc 1997‡‡		12.59	6.14	105¼	---	109$\frac{3}{4}$	105¼
Exch 10½pc 1997		10.14	6.13	103$\frac{13}{16}$	-$\frac{1}{32}$	105$\frac{13}{16}$	103$\frac{13}{16}$
[illegible]							

	Notes	Yield Int	Yield Red	Price £	+ or -	52 week High	52 week Low
Treas 12½pc 2003-5		10.00	8.04	125	+⅛	131⅛	122$\frac{3}{4}$
Treas 8½pc 2005‡‡		8.24	8.02	103⅛	+$\frac{3}{8}$	108$\frac{13}{16}$	99$\frac{13}{16}$
Treas 7¾pc 2006‡‡		7.81	8.06	98	+$\frac{11}{32}$	101$\frac{13}{16}$	94$\frac{13}{16}$
Treas 7¾pc 2006‡‡		7.95	8.10	97$\frac{11}{16}$	+$\frac{11}{32}$	103¼	94$\frac{13}{16}$
Treas 8pc 2002-6‡‡		8.04	8.13	99½	+½	104$\frac{13}{16}$	95$\frac{13}{16}$
Treas 11¾pc 2003-7		9.85	8.00	119$\frac{3}{8}$	+⅛	125$\frac{3}{8}$	116½
[illegible]							

Index-Linked	Notes	Yield (1)	Yield (2)	Price £	+ or -	52 week High	52 week Low
4⅝pc '98‡‡	(135.6)	1.45	2.89	112$\frac{3}{4}$xd	+¼	113$\frac{3}{4}$	109$\frac{3}{4}$
2½pc '01	(78.3)	3.01	3.56	178$\frac{3}{4}$	+$\frac{3}{8}$	180$\frac{3}{4}$	169⅞
2½pc '03	(78.8)	3.19	3.61	174$\frac{3}{4}$	+$\frac{3}{8}$	176$\frac{3}{4}$	166$\frac{3}{4}$
4⅝pc '04‡‡	(135.6)	3.23	3.61	114$\frac{13}{16}$	+$\frac{3}{8}$	116$\frac{3}{8}$	110$\frac{3}{8}$
2pc '06	(69.5)	3.34	3.64	182$\frac{3}{4}$	+$\frac{3}{8}$	185$\frac{11}{16}$	173$\frac{3}{4}$
2½pc '09	(78.8)	3.43	3.68	164$\frac{3}{4}$	+$\frac{3}{8}$	167¼	156$\frac{13}{16}$
[illegible]							

[illegible]

Other Fixed Interest

[illegible]

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on April 18

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	97⅜	97⅝	-⅛	6.98
ABN Amro Bank 7¼ 98	1500	100⅝	100⅞	-⅛	7.28
African Dev Bk 7⅜ 23	500	96⅝	97	-⅛	7.70
Alberta Province 7⅜ 98	1000	102⅛	103	-⅛	6.40
Asian Dev Bank 6¼ 98	750	95⅜	95⅝	-⅛	7.04
Austria 8½ 00	400	106¼	106½	-⅛	6.56
Baden-Wuert L-Fin 8⅜ 98	1000	104⅞	105	-⅛	6.61
[illegible]					

	Issued	Bid	Offer	Chg.	Yield
Sweden 8 97	2500	106	106¼		3.90
United Kingdom 7¼ 97	5500	104⅞	105		3.76
Volkswagen Intl Fin 7 03	1000	102⅛	102⅞		6.52
World Bank 0 15	2000	29⅞	30		6.33
World Bank 5⅞ 03	3000	99⅛	99¼		6.02
SWISS FRANC STRAIGHTS					
Asian Dev Bank 0 16	500	35½	36	-⅛	5.37
[illegible]					

	Issued	Bid	Offer	Chg.	Yield
Abbey Natl Treasury 8 03 £	1500	98	98¼		8.39
Alliance Leics 11⅛ 97 £	198	104⅝	104⅞		6.67
British Land 8⅞ 23 £	150	87⅞	88¼	+¼	10.46
Denmark 6⅞ 98 £	800	98⅞	99⅛		7.28
EIB 8 03 £	1500	99	99¼	+⅛	8.18
Glaxo Wellcome 8¾ 03 £	500	100⅛	100⅜	+⅛	8.72
Hanson 10⅜ 97 £	500	104¼	104½		7.23
HSBC Holdings 11.69 02 £	153	114⅛	114½	+⅛	8.66
[illegible]					

[illegible]

صحيفة من الارشيف

CURRENCIES AND MONEY

MARKETS REPORT

Bundesbank move triggers European rate cuts

By Philip Gawith

The dollar yesterday made fairly limited gains after the Bundesbank surprised markets by cutting its discount rate by 50 basis points to 2.5 per cent.

The German decision prompted a number of copy cat moves across Europe, with Austria, Belgium, Denmark and the Netherlands cutting their key lending rates by a similar margin. Conspicuously, the Swiss and French national banks left their rates on hold.

The dollar rally in Europe soon petered out, but New York traders later took it higher again. It finished in London at DM1.5121, from DM1.5073. Against the yen it closed weaker at Y107.47, from Y108.285.

The dollar's rally was capped partly by profit taking, and also by the belief in some quarters that it probably marked the end of the rate-cutting cycle.

Within Europe the best performer was the Italian lira, notwithstanding the finely balanced weekend elections. It finished at L1,040 against the D-Mark, from L1,046.

Sterling finished slightly firmer against the D-Mark, closing at DM2.2795, from DM2.2787. Against the dollar it closed at $1.5075 from $1.5085.

■ The Bundesbank's decision to cut the discount rate while leaving the repo rate unchanged was well received by analysts. Ms Alison Cottrell, analyst at Paine Webber, and one of a very small minority to read the Bundesbank's hand correctly, said the key issue was that the bank wanted to reintroduce a variable rate repo.

By widening the gap between the discount floor and the repo rate to 80 basis points, the Bundesbank has given itself plenty of room for a steady downward ratchet, hence cooling speculation that the easing cycle is over. Ms Cottrell said the bank's mistake, unlikely to be repeated, after the last rate cut in December, had been to allow the repo to fall too fast. This in turn had turned the market too soon to wondering when the next discount cut would come.

Ms Cottrell speculated that the speed of the decision yesterday indicated that it might have been agreed at the previous meeting, but held over until after Easter.

Although the rate cut was justified in terms of the positive inflation and money supply outlook, the trigger may well have been the very modest wage settlements agreed recently. The cut will also help the economy recover by maintaining downward pressure on the D-Mark, thus improving export competitiveness, and by boosting demand in some of Germany's neighbours which in turn have been able to ease policy.

Consistent with the recent relentless pressure from senior Bundesbank officials for a weaker D-Mark, Mr Hans Tietmeyer, the president, said he welcomed the normalisation of the dollar rate. He added: "That doesn't have to be the end of the road."

■ The market remains nervous about the outlook for the lira and Italian assets after the election. Mr Stephen Yorke, analyst at SBC Warburg in London, said he gave the highest probability to a centre-right majority in the Lower House.

He said: "In the short term the market thirsts for clarity of the political situation and any result that offers the prospect of a 1-2 year government without the need for constant inter-party haggling will probably be greeted favourably."

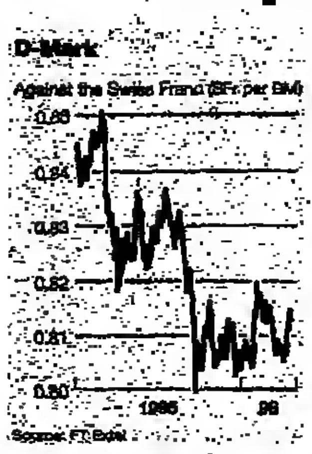
Goldman Sachs believe a right wing victory led by Mr Fini would initially be good for markets, but calculates that there is a 65-70 per cent chance of an outcome that is not negative (no clear majority, or left wing majority). Even in the event of a right-wing victory, Mr Filippo Cartiglia, analyst at Goldman, says: "It is not obvious that the size of a right wing victory will be big enough to result in lasting new policy changes that damage the Lira against the weak D-Mark background, a crucial part of any analysis of the election's relevance."

A related issue which has re-emerged is whether and when the lira should rejoin the European exchange rate mechanism. An early re-application would be expected should the left wing coalition prevail.

Last week Mr Lamberto Dini, the outgoing prime minister said the "right price" for re-entry is around L1,060 against the D-Mark. Some of Italy's trading partners are likely to find this level too generous. "Fair value" for the lira is probably around L900-950.

D-Mark

Against the Swiss Franc (SFr per DM)



Source: FT Extel

■ Pound in New York

Apr 18	—Latest—	— Prev. close —
£ spot	1.5100	1.5090
1 mth	1.5092	1.5083
3 mth	1.5081	1.5070
1 yr	1.5017	1.4990

■ OTHER CURRENCIES

Apr 18	£	$
Czech Kr	41.6775 - 41.7203	27.6860 - 27.6980
Hungary	223.128 - 223.348	148.070 - 148.120
Iran	4524.80 - 4521.08	3000.00 - 3000.00
Kuwait	0.4519 - 0.4526	0.2998 - 0.3001
Poland	3.8949 - 3.8971	2.5819 - 2.5840
Russia	7423.46 - 7434.44	4925.00 - 4930.00
UAE	5.5348 - 5.5392	3.6727 - 3.6732

POUND SPOT FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

[illegible]

WORLD INTEREST RATES

MONEY RATES

April 18	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	3¼	3¼	3¼	3½	[illegible]	7.00	2.50	-
week ago	[illegible]	3¼	[illegible]	[illegible]	[illegible]	7.00	3.00	-
France	3⅞	3⅞	[illegible]	4	[illegible]	3.70	-	5.60
week ago	[illegible]	3⅞	[illegible]	[illegible]	[illegible]	3.70	-	5.60
Germany	[illegible]	3¼	[illegible]	[illegible]	[illegible]	4.50	2.50	3.30
week ago	[illegible]	3¼	[illegible]	[illegible]	[illegible]	5.00	3.00	3.30
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	-	6.25
Italy	[illegible]	[illegible]	9½	[illegible]	[illegible]	-	9.00	10.00
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	9.00	10.00
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	3.30
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.00	1.50	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
week ago	[illegible]	[illegible]	5½	[illegible]	[illegible]	-	5.00	-
Japan	½	[illegible]	[illegible]	[illegible]	[illegible]	-	0.50	-
week ago	[illegible]	[illegible]	½	[illegible]	1	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	5½	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	5.13	5.15	5.24	5.55	-	-	-
week ago	-	5.13	5.16	5.31	5.65	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
week ago	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.

Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 18	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	4 - [illegible]	[illegible]
Portuguese Esc.	7½ - [illegible]	[illegible]	7½ - [illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible] - 7½	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	6 - [illegible]	[illegible]	[illegible]
Swiss Franc	[illegible] - 1½	[illegible] - 1½	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	5 - [illegible]	[illegible]	[illegible]	5 - [illegible]	[illegible] - 5	5½ - [illegible]
US Dollar	[illegible] - 5	[illegible] - 5	[illegible]	5½ - [illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	9½ - [illegible]	[illegible]	[illegible] - 9
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible] - 1
Asian $Sing	[illegible]	[illegible] - 2	[illegible] - 2	[illegible]	[illegible]	[illegible] - 2½

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.82	95.99	+0.15	96.02	95.81	53,289	56,571
Sep	95.71	95.89	+0.16	95.92	95.69	26,790	50,319
Dec	95.53	95.70	+0.15	95.72	95.51	10,675	28,813

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.77	96.84	+0.08	96.89	96.76	123148	212642
Sep	96.65	96.80	+0.16	96.83	96.63	109911	240763
Dec	96.38	96.57	+0.19	96.58	96.37	94076	200978
Mar	96.05	96.22	+0.17	96.25	96.03	52786	115876

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	90.79	91.04	+0.23	91.06	90.75	22777	42470
Sep	91.21	91.46	+0.23	91.47	91.20	9589	23690
Dec	91.30	91.53	+0.20	91.53	91.30	1941	18682
Mar	91.27	91.47	+0.20	91.48	91.24	1426	7948

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	98.16	98.23	+0.06	98.33	98.17	12653	25753
Sep	98.06	98.13	+0.07	98.25	98.05	8997	15743
Dec	97.81	97.84	+0.02	97.98	97.81	3491	9691
Mar	97.52	97.52	+0.01	97.63	97.52	763	3233

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	99.19	99.10	-	99.19	99.18	556	0
Sep	98.91	98.90	+0.01	98.92	98.90	1005	0
Dec	98.60	98.62	+0.03	98.63	98.59	5363	0

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.58	95.67	+0.10	95.68	95.58	2180	7770
Sep	95.54	95.65	+0.12	95.65	95.54	1077	3821
Dec	95.34	95.45	+0.12	95.45	95.34	512	2987
Mar	95.07	95.14	+0.08	95.15	95.07	337	1835

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

[illegible]

■ D-MARK FUTURES (IMM) DM 125,000 per DM

[illegible]

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

[illegible]

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

[illegible]

■ STERLING FUTURES (IMM) £62,500 per £

[illegible]

UK INTEREST RATES

LONDON MONEY RATES

[illegible]

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

[illegible]

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

[illegible]

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

[illegible]

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

[illegible]

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

[illegible]

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

[illegible]

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

[illegible]

BASE LENDING RATES

[illegible]

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

[illegible]

BANKS, MERCHANT

[illegible]

BANKS, RETAIL

[illegible]

BREWERIES, PUBS & REST

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING - Cont.

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INV TRUSTS SPLIT CAPITAL

[illegible]

هكذا من الاصل

هكذا من الأصل

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

LEISURE & HOTELS

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER FINANCIAL - Cont.

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Astra B SKr	□	[illegible]	+⅛	[illegible]	£16⅞	3,281	1.0	20.6
Bota		200	-3	203	65	118.8	-	-
Brit Biotech	□	2095	+55	2095	461	1,554	-	-
Cantab Pharms		888	+13	870	103	72.1	-	-
Celltech	□	580	+22	882	288	496.2	-	Φ

PHARMACEUTICALS - Cont.

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SUPPORT SERVICES

[illegible]

SUPPORT SERVICES - Cont.

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

AIM

[illegible]

AIM - Cont.

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£29¾		£34½	£29½	1,988	2.9	Φ
Barlow	‡	[illegible]		[illegible]	[illegible]	1,579	1.7	Φ
For Energy Africa see Oil, EXPLORATION & PROD								
Gold Fields Prop B		145xd	—	170	135	14.8	8.5	10.3
NK Props		80	—	95	80	3.22	12.5	-
SASOL	♥	663	—	669	475	3,882	1.8	-
SA Brews		£20¾		£28⅛	£16¾	6,129	1.5	31.7
Standard Bank	□	£27¼		£32¼	£20¾	3,339	1.5	21.8
Tiger Oats		810	—	1270	850	1,389	1.9	Φ
Tongaat-Hulett	†	906	-5	1247	685	905.0	1.8	20.8

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Extel, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- • Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 2.1(a)(iv) Overseas incorporated companies listed on an approved exchange
- ♣ Free annual/interim report available, see details below
- ⚲ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
s Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v P/e ratios are calculated under new ACT guidelines.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1996
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1995-96.
Q Forecast annualise yield, p/e based on prospectus or other official estimates
R Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1350 a year for each security shown, subject to the Editor's discretion

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Comprehensive 10-14 page report available on this company, containing key FT stories from the last year, latest survey of City profit forecasts and investment recommendations, 5 year financial and share price performance review, balance sheet and profit and loss data, plus recent Stock Exchange announcements for £6.45.

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For readers phoning from outside UK, please dial +44 in place of the first 0.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Currency Funds Ltd

Pembroke Hall, Pembroke, Bermuda

Jupiter Tyndall (Bermuda) Ltd

Newport Investment Management

Orion Fund Limited

BERMUDA (REGULATED)(**)

Bermuda Intl Invest Mgmt Ltd

Butterfield Management Co Ltd

Orbis Investment Management Ltd

GUERNSEY (SIB RECOGNISED)

AIB Investment Managers (Guernsey) Ltd

Lazard Freres Asset Management (CI) Ltd

Lloyds Intl Money Market Fund Ltd

M & G (Guernsey) Ltd

Rothschild Asset Management (CI) Ltd

Royal Bk of Canada O/S Fd Mgrs Ltd

Royal Bk of Canada O/S Fd Mgrs Ltd - Contd.

Saracen Funds Mngmt (Guernsey) Ltd

PO Box 248, St Peter Port, Guernsey 01481 723021

Schroder Investment Mngmt (Guernsey) Ltd

PO Box 255, St Peter Port, Guernsey 01481 710851

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

Apollo Investment Management Ltd

Arab Bank Fund Managers (Guernsey) Ltd

BZW Asset Management Guernsey Ltd

Bachmann Global Investment Fund Ltd

CIBC Fund Managers (Guernsey) Ltd

Commercial Union Captives Inv Mngt

Consultiv (Channel Islands) Limited

Dantrust Management (Guernsey) Ltd

Lazard Fund Managers (CI) Ltd

Royal Bank of Canada Intl Money Market Fd

IRELAND (SIB RECOGNISED)

AIB Fund Management Ltd

IRELAND (REGULATED)(**)

AIB Fund Management Ltd

LGT Asset Management Ltd

Daiwa Europe Fund Mgrs Ireland Ltd - Contd.

Mercury Fund Managers Intl Ltd

ISLE OF MAN (REGULATED)(**)

AXA Equity & Law Intl Fund Mgrs

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

Bank of Scotland Fund Managers (Jersey) Ltd

ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fund Mgrs

INVESCO International Limited - Contd.

Jupiter Tyndall (Jersey) Ltd

Lombard Odier (Jersey) Ltd

LUXEMBOURG (SIB RECOGNISED)

ABN AMRO Funds (x)

Fidelity Funds (x)

S-E-Banken Luxembourg SA - Contd.

LUXEMBOURG (REGULATED)(**)

OFFSHORE INSURANCE

هكذا من الأصل

FT MANAGED FUNDS SERVICE

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Credit Investment Funds - Contd.

Pictet Group

CMI Insurance Co Ltd - Contd.

Royal Life International - Contd.

Royal Skandia Life Assurance Ltd

Chameleon Funds Limited

Chesapeake Capital Corporation

The China Fund

Global Asset Management - Contd.

MD Sass Re/Enterprise International Ltd

MFG Meridian Funds

Regent Kleppie Capital Management Ltd

Regis Asset Management

Republic Funds

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

Johnson Fry Securities Ltd

Lloyds Bank Government Bonds

The MC Bandra Fund LP

MANAGED FUNDS NOTES

LONDON STOCK EXCHANGE

MARKET REPORT

FT-SE Mid 250 races up to another record high

By Steve Thompson, UK Stock Market Editor

Takeover speculation, one of the main driving forces behind the London market's move to record levels, reached fever pitch yesterday.

"Even if we do not get a bid tomorrow, the market is bracing itself for a burst of takeover deals," said one senior trader.

The list of candidates grew much longer, with Lucas the market's latest favourite to attract the attentions of a predator. Turnover in Lucas expanded rapidly throughout the session.

Even without the preoccupation with bid stories, the stock market was buzzing with activity. Wednesday evening's 70-point setback in the Dow Jones Industrial Average was offset by the 50 basis points reduction in Germany's two key interest rates.

At the close, the FT-SE 100 index was left with a 15.1 gain at 3,820.7, almost wiping out Wednesday's setback. The market's premier index was easily outpaced by the FT-SE Mid 250 index, which spiralled upwards throughout the day to register its fifth successive record high. It came within 6.4 of the 4,500 level, eventually ending the session a net 29.5 ahead at 4,493.6.

Over the past seven trading days the Mid 250 index has climbed 116.5, or 2.6 per cent. Over the same period the FT-SE 100 has gained 62.1, or 1.6 per cent.

This morning is expected to bring plenty of fireworks in the market-place, with dealers looking for a sharp run-up in share prices ahead of the expiry of the FT-SE 100 index option. Some said 3,850 on the Footsie was easily achievable. But they warned that the index could well fall back post the expiry.

Turnover in equities continued to be unusually high, reaching 970.6m shares by 6pm. Non FT-SE 100 stocks accounted for around 60 per cent of the overall figure. Customer business on Wednesday was valued at a hefty £2.11bn.

Traders said Goldman Sachs, the US investment bank, was again one of the biggest players in the market, executing more exceptionally heavy trades across the market and adding to perceptions that the bank is running one of the biggest trading programmes for many months.

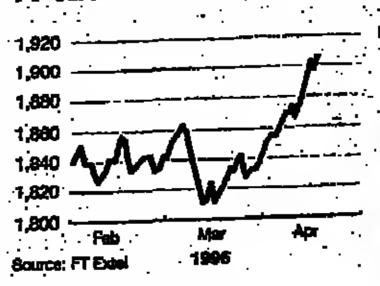
The market's confident close was in sharp contrast to its early performance, which saw marketmakers lower their opening quotations to head off attempted selling in the wake of Wall Street's sharp slide overnight.

But the mood quickly turned positive as dealers picked up the first of the takeover rumours which swept the market, and also began to scent a German rate cut. The day's economic news, inflation figures and the public sector borrowing requirement for March, caused little unease around the trading desks.

News of the German rate cuts saw the Footsie surge to the day's high of 3,828.0 before easing back and finishing the session around 7 points off the day's peak.

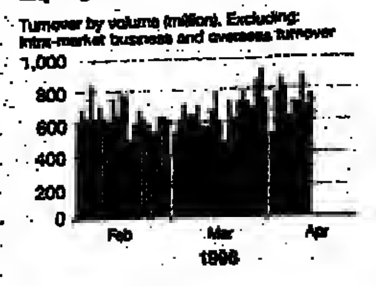
Takeover targets included Pearson, Thorn EMI, Ladbroke and London Electricity. Another story was that Standard Life, the Scottish mutual, was considering the sale of its 30 per cent stake in Bank of Scotland, which is scheduled to report preliminary figures next week.

FT-SE-A All-Share Index



Equity shares traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3820.7	+15.1
FT-SE Mid 250	4493.6	+29.5
FT-SE-A 350	1927.2	+8.7
FT-SE-A All-Share	1906.36	+8.99
FT-SE-A All-Share yield	3.70	3.71

FT Ordinary index	2847.1	+22.7
FT-SE-A Non Fins p/e	17.48	17.50
FT-SE 100 Fut Jun	3826.00	+12.00
10 yr Gilt yield	8.06	8.12
Long gilt/equity yld ratio:	2.26	2.26

Best performing sectors

1. Engineering: Vehicles +2.3
2. Telecommunications +2.2
3. Property +1.8
4. Utilities +1.4
5. Pharmaceuticals +1.3

Worst performing sectors

1. Tobacco −1.2
2. Oil: Integrated −0.6
3. Banks: Retail −0.5
4. Textiles & Apparel −0.4
5. Mineral Extraction −0.3

Airbus boost for Lucas

Lucas Industries shot ahead in heavy volume on a combination of trading hopes from increased Airbus production, bid talk and fading rumours of problems with a big order from Volkswagen.

Cazenove was recommending the stock and Henderson Crosthwaite was said to be pushing the Airbus story. Lucas is a big supplier to the aircraft maker and Airbus yesterday forecast that deliveries would increase by 37 per cent to 185 in 1997.

All this plus persistent takeover talk saw the shares, down 11 on Wednesday, rebound by more than 10 per cent, climbing by 20 to 224p in 13m traded, the heaviest turnover since February 1995.

London bid buzz

In a high voltage week for the power sector it was London Electricity that was plugged into the bid-rumour machine yesterday.

Marketmakers said Houston Industries, of the US, was poised to launch an offer valuing the stock at 900p a share.

This was backed by talk that one regional broker, which has been astute in its timing and choice of Rec shares recently, was in the market picking up London Electricity stock.

The speculation was considered by one analyst to be little more than a case of "rounding up the usual suspects". But others said there was a plausible logic. Houston previously showed an interest in the sector when it made a joint bid for Norweb with CSW.

There was also what one specialist salesman called the "panic factor". Mr Matthew Siebert of ABN Amro Hoare Govett commented: "You can lose or make a huge amount of money by not having stock on the book, or having too much. Marketmakers want flat books at the moment."

The change in sentiment at top conglomerate Hanson gathered pace, pushing the shares smartly higher and lifting turnover to 38m, the day's best Footsie activity.

A number of brokers are known to be fingering change of stance buttons ahead of the May 16 interim results and update on the group's demerger plans. Both HSBC James Capel and Kleinwort Benson are mulling a move from hold to buy.

There was also talk of corporate activity in the pipeline and a general upgrading of sum of parts calculations. The latest merger flurry in the power sector has put the spotlight on Hanson's Eastern Electricity unit. As a result, break-up estimates for the shares now range up to 260p.

The stock was finally 4¼ stronger at 196p for a five-day advance of almost 6 per cent.

SBC Warburg put out a buy note on Rolls-Royce ahead of next Monday's analysts' trip to the US and the shares jumped by nearly 4 per cent.

The stock rose 9 to 237p in turnover of 13m shares. There was also very heavy stock options activity, where the equivalent of a further 7m shares were traded.

Disappointing figures from a survey on the food retailing sector hit J. Sainsbury, sending the stock sharply lower.

The shares fell 7 to 365p, making it the worst performer among FT-SE 100 constituents, in a busy session that brought turnover of 9.3m.

Figures from market research group Taylor Nelson AGB revealed a 1.3 per cent decline in Sainsbury's share of the package grocery market in the four weeks to April 7. Market watchers had expected the figures to show a slight improvement for Sainsbury and were disappointed particularly in the light of figures for arch rival Tesco showing a slight improvement.

Cable and Wireless, a strong market all day, moved into overdrive in the final hour of trading. The shares shot to the top of the Footsie rankings with a gain of 24 at 546p and are now back close to recent peaks.

A report that BT and C&W could announce an agreement in principle to merge was said to have provided the main thrust to the shares.

ABN Amro Hoare Govett turned positive on Securicor and Security Services, citing good consumer response to the recent run of special offers from the mobile phones industry. Securicor A shares put on 40 at 1220p.

Water related issues, hit on Wednesday as Southern, of the US, said it was not intending to buy a UK water company, rebounded yesterday, with dealers citing buy notes from BZW and SBC Warburg.

The two Scottish generators were steady, with Scottish Power 2 firmer at 376p and Scottish Hydro-Electric a penny easier at 349p. However, there was talk after the market closed that one broker was putting out a big buy note, arguing that they were strong takeover candidates in the wake of the approach for National Power.

National Power rose 10 to 568p, supported by less by stake building than hot money from arbitrageurs.

The retail sector stayed buoyant, with Laura Ashley jumping 16 to 180p following Ms Ann Iverson's first full set of results, which were ahead of expectations, since she took over as chief executive. One analyst said the company was showing signs of recovery, although it was "early days". A company presentation, described as "feminine and confident" helped to convince most analysts to upgrade their forecasts.

House of Fraser rose 2 to 174p following results in line with forecasts, or as one analyst said: "as poor as expected". It was the sort of stock, he said, where "some recovery funds liked to buy." But, he said, there was a more positive feel to the company at its presentation to analysts.

NatWest Securities believes the shares have "enormous upside potential" and retains its 'buy' recommendation, although Panmure Gordon has kept its 'sell' advice.

Carpetright rose 28½ to 554½ on the back of continuing optimism over consumer spending and as one analyst said: " If you want to get a slice of the carpet business you have to buy Carpetright."

Reuters Holdings bounced back 23½ to 777p on enthusiasm for the company's new range of data products on show to analysts in Geneva.

SmithKline Beecham rose 18 to 676½p after announcing first quarter results largely in line with expectations, and indicating that the improvement will continue for the remainder of the year.

A number of the leading property stocks stayed in favour yesterday as the market continued to focus on one broker's strong recommendation earlier this week. Land Securities put on 6 to 665p, while British Land gained 8 to 427p. MEPC appreciated 11 to 428p, and Hammerson forged ahead 17 to 377p.

However, several brokers believe some of the main stocks in the sector to have run too far in recent sessions. One who takes that view is Mr Mike Prew Of Panmure Gordon. He believes British Land, Land Securities and Hammerson are, "high quality companies and have good medium term prospects. However, their current share price is close to their net asset value ceiling."

MARKET REPORTERS:
Peter John, Joel Kibazo, Jeffrey Brown, Lisa Wood.

FINANCIAL TIMES EQUITY INDICES

	Apr 18	Apr 17	Apr 16	Apr 15	Apr 12	Yr ago	*High	*Low
Ordinary Share	2847.1	2824.4	2845.3	2824.1	2804.4	2421.4	2847.1	2695.7
Ord. div. yield	3.98	4.00	3.97	4.00	3.86	4.37	4.06	3.78
P/E ratio net	16.33	16.24	16.37	16.25	16.65	16.45	17.25	15.96
P/E ratio nil	16.10	16.01	16.13	16.01	16.60	16.37	17.03	15.78

Ordinary Share index since compilation: high 2845.3 16/04/96; low 49.4 26/06/40 Base Date: 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2814.3	2826.8	2837.0	2842.3	2843.8	2845.3	2847.5	2846.8	2845.8	2848.5	2814.3

	Apr 18	Apr 17	Apr 16	Apr 15	Apr 12	Yr ago
SEAQ bargains	40,197	42,656	38,890	35,236	33,395	21,361
Equity turnover (£m)†	-	2113.3	1956.5	1659.3	2579.0	1904.2
Equity bargains†	-	48,984	42,903	40,905	38,466	33,477
Shares traded (ml)†	-	732.1	762.9	696.8	871.8	760.1

†Excluding intra-market business and overseas turnover.

	Apr 18	Apr 17	Apr 16	Apr 15	Apr 12	Yr ago	*High	*Low
FT-SE AIM	1026.40	1018.20	1014.40	1005.50	997.50	-	1054.62	965.68

*For 1996.

■ **London market data**

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	943	Total Highs	291	Total contracts	69,614
Total Falls	438	Total Lows	8	Calls	41,576
Same	1,388			Puts	28,038

Apr. 18 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3803.0	3826.0	+12.0	3844.0	3803.0	17251	60681
Sep	-	3836.0	+12.0	-	-	0	3250
Dec	-	3865.0	+12.0	-	-	0	61

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	-	4500.0	+25.0	-	-	0	3591

■ FT-SE 100 INDEX OPTION (LIFFE) (*3816) £10 per full index point

	3650 C	3650 P	3700 C	3700 P	3750 C	3750 P	3800 C	3800 P	3850 C	3850 P	3900 C	3900 P	3950 C	3950 P	4000 C	4000 P
Apr	165½	1	116½	1	66½	1	19½	3½	1	38	1	89	1	139	1	189
May	180	8	136	13½	96	23½	62½	40½	36	64½	18	98	8½	139½	2	189
Jun	196	21½	158½	32½	119½	46	89	64½	63	88½	41	117	28	153½	16	194½
Jul	215½	37	178	49½	144½	66	114	86	88½	109½	66	137	49	170½	32½	205½
Dec†			258½	105½			188	143½			159½	194			107½	252½

Calls 8,817 Puts 4,465

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3625 C	3625 P	3675 C	3675 P	3725 C	3725 P	3775 C	3775 P	3825 C	3825 P	3875 C	3875 P	3925 C	3925 P	3975 C	3975 P
Apr	191	1	141	1	91	1	42½	1½	7	18	1	59	1	109	1	159
May	202	4½	158½	9	114½	17	78	30½	48½	50½	28½	78½	12½	114	5	156½
Jun	220	21½	177	27½	137	37	102½	52	73½	72½	51	99½	35	133	22½	169½
Sep	259½	53½			191	82½			133½	122½			90	176½		
Dec†	312½	82			246½	112			187½	149½			137	195		

Calls 6,819 Puts 10,814 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1996 High	1996 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
-	F.P.	28.5	98	95	Advent VCT	95		-	-	-	-
-	F.P.	14.3	95	95	British Smlr Cos	95		-	-	-	-
-	F.P.	22.4	249	230	Cambridge Wtr NV	248	+4	†bv18.	3.1	8.2	4.9
100	F.P.	9.50	95	93	Capital Co's VCT	93		-	-	-	-
95	F.P.	13.9	96	83	Cardcast	86		W0.5	9.2	0.7	18.7
73	F.P.	28.7	86	50	Clvedon	85	+4	Lv1.8	3.0	2.4	17.5
-	F.P.	28.5	95	95	Close Bros VCT	95		-	-	-	-
270	F.P.	32.9	325	305	†Dicom	320		-	-	-	73.9
190	F.P.	13.8	137	95	Easynet	97	-8	-	-	-	-
235	F.P.	90.3	304	245	Fi Group	304	+2	Rv4.1	1.7	1.7	30.3
-	F.P.	20.2	98	90	Gartmore VCT	95		-	-	-	-
-	F.P.	21.4	95	95	Guinness Fl VCT	95		-	-	-	-
100	F.P.	27.2	97	96	Hill Sml UK Emg Co	95		-	-	-	-
-	F.P.	0.93	95	95	Hurlingham Props	80		-	-	-	-
75	F.P.	19.4	90	75½	ILP Group	90	+2	-	-	-	13.8
205	F.P.	2,926	244	220	Orange	233	-2½	-	-	-	-
-	F.P.	1.39	20	17	Pacific Hzn Wrt	17		-	-	-	-
-	F.P.	7.80	95	93	Penine AIM VCT	95		-	-	-	-
-	F.P.	76.2	101	88	Rebus	101	+1	z1.16	-	1.4	-
-	F.P.	17.1	95	95	Quester VCT	95		-	-	-	-
32	F.P.	3.15	35	32	Raphael Zorn	35		v1.25	1.3	4.5	22.0
-	F.P.	27.2	102	99¾	Scottish Asian C	99¾	-¼	-	-	-	-
3	F.P.	4.96	4	3½	Silver Shield	3½		v-	-	-	15.6
-	F.P.	18.3	514	503	Taverners Tst Ur	514	+1	-	-	-	-

† Alternative Investment Market. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Apr 17	% chg on day	Apr 16	Year ago	Gross div yield %	P/E ratio	52 week High	52 week Low
Gold Mines Index (30)	2272.83	-1.3	2302.40	1981.14	1.49	-	2520.73	1722.93
■ Regional Indices								
Africa (13)	3027.78	-1.2	3064.10	2707.30	2.63	35.74	3553.86	2272.74
Australasia (5)	2624.78	-1.7	2671.07	2431.64	2.45	28.40	2927.34	2096.51
North America (12)	2007.93	-1.3	2033.58	1709.24	0.67	64.84	2186.39	1486.94

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FT - SE Actuaries Share Indices — The UK Series

	Apr 18	Day's chge%	Apr 17	Apr 16	Apr 15	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3820.7	+0.4	3805.6	3825.3	3790.5	3174.7	3.89	2.13	15.12	62.20	1552.72
FT-SE Mid 250	4493.6	+0.7	4464.1	4458.5	4416.7	3489.3	3.31	1.77	21.35	65.89	1794.23
FT-SE Mid 250 ex Inv Trusts	4530.3	+0.7	4498.3	4491.3	4447.5	3500.0	3.42	1.82	20.13	70.01	1811.55
FT-SE-A 350	1927.2	+0.5	1918.5	1925.7	1908.0	1578.1	3.78	2.06	16.18	30.70	1601.12
FT-SE-A 350 Higher Yield	1862.5	+0.4	1854.5	1863.1	1845.4	1591.1	4.97	1.90	13.22	38.09	1292.82
FT-SE-A 350 Lower Yield	1989.5	+0.5	1990.0	1995.8	1978.2	1565.0	2.64	2.32	20.37	23.56	1377.55
FT-SE SmallCap	2169.83	+0.7	2155.13	2143.90	2130.37	1744.29	2.96	1.78	23.60	16.75	1770.14
FT-SE SmallCap ex Inv Trusts	2159.37	+0.8	2143.12	2130.34	2116.78	1721.08	3.18	1.86	21.15	18.07	1771.52
FT-SE-A ALL-SHARE	1906.36	+0.5	1897.37	1903.18	1885.31	1558.49	3.70	2.04	16.58	29.28	1608.35

■ **FT-SE Actuaries All-Share**

	Apr 18	Day's chge%	Apr 17	Apr 16	Apr 15	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	3474.00	-0.3	3485.30	3529.71	3507.85	2763.88	3.75	1.78	16.73	66.56	1491.37
12 Extractive Industries(6)	4593.50	+0.9	4554.40	4533.38	4484.26	3694.37	3.52	2.36	15.09	109.18	1351.72
15 Oil, Integrated(3)	3472.14	-0.8	3493.38	3556.26	3539.17	2759.07	3.98	1.68	16.64	65.59	1527.12
18 Oil Exploration & Prod(15)	2507.93	+0.1	2505.71	2498.02	2471.70	1986.31	2.08	1.59	37.78	32.05	1508.73
20 GEN INDUSTRIALS(276)	2149.38	+0.5	2139.34	2142.44	2125.66	1865.60	3.94	1.90	16.67	26.82	1169.14
21 Building & Construction(34)	1237.03	+1.2	1221.89	1216.68	1199.12	959.23	3.32	1.89	19.93	14.49	1032.34
22 Building Matls & Merchs(29)	1980.42	+0.7	1965.75	1986.40	1961.64	1720.44	3.63	1.85	17.65	23.24	995.15
23 Chemicals(25)	2562.52	-0.3	2570.11	2572.89	2563.78	2278.92	3.86	1.61	16.98	35.36	1210.10
24 Diversified Industrials(19)	1803.63	+0.5	1794.40	1802.04	1790.13	1827.54	5.72	1.68	12.87	40.91	1009.04
25 Electronic & Elect Equip(38)	2410.90	-0.3	2417.38	2431.06	2401.68	1958.00	3.00	1.71	24.35	8.38	1241.29
26 Engineering(71)	2482.84	+0.6	2467.61	2457.57	2432.39	1826.03	3.09	2.43	16.62	21.63	1489.79
27 Engineering, Vehicles(13)	3051.31	+2.3	2982.87	3019.58	2977.88	2194.39	3.48	1.91	16.74	27.16	1571.02
28 Paper, Pckg & Printing(28)	2771.19	+0.5	2758.23	2767.02	2744.28	2800.45	3.69	2.09	16.69	37.93	1152.60
29 Textiles & Apparel(19)	1486.48	-0.4	1492.73	1487.88	1489.26	1568.66	4.75	1.91	16.34	10.86	897.94
30 CONSUMER GOODS(90)	3494.60	+0.7	3469.89	3475.00	3451.55	2990.34	4.01	1.94	16.92	67.45	1292.86
32 Alcoholic Beverages(9)	2861.44	+1.2	2826.58	2843.35	2827.56	2720.94	4.34	1.60	17.99	57.51	1033.48
33 Food Producers(23)	2507.54	+0.2	2502.86	2498.53	2482.15	2400.06	4.13	1.82	16.62	44.38	1131.89
34 Household Goods(15)	2626.95	+0.2	2621.28	2627.40	2627.77	2440.80	3.78	2.41	13.75	51.26	1006.10
36 Health Care(20)	1925.30	----	1925.84	1923.11	1920.90	1706.61	2.78	1.90	23.93	12.20	1163.23
37 Pharmaceuticals(12)	4896.95	+1.8	4832.87	4843.52	4828.41	3748.44	5.48	1.85	18.29	81.77	1663.28
38 Tobacco(1)	4269.32	-1.2	4320.15	4311.69	4193.09	3778.86	5.95	2.00	10.51	156.18	1072.42
40 SERVICES(254)	2518.92	+0.6	2505.48	2507.44	2479.89	1927.74	2.78	2.07	21.81	27.12	1308.38
41 Distributors(32)	2897.40	+0.5	2883.89	2860.25	2828.87	2400.10	2.85	1.81	24.13	30.10	1088.42
42 Leisure & Hotels(23)	3222.17	+0.9	3192.61	3193.59	3135.02	2169.15	2.80	2.14	22.38	139.93	1734.25
43 Media(46)	4240.37	+0.7	4206.96	4221.37	4196.32	2848.52	2.11	1.95	30.42	36.43	1532.18
44 Retailers, Food(15)	1942.20	-0.3	1948.41	1949.93	1951.07	1876.22	3.85	2.41	13.48	5.02	1218.33
45 Retailers, General(43)	2102.67	+0.5	2092.21	2097.89	2068.22	1805.02	2.87	2.23	19.55	18.07	1196.31
47 Breweries, Pubs & Rest.(24)	3157.12	+1.1	3122.90	3098.77	3072.24	2253.35	6.13	2.08	19.21	15.93	1505.53
48 Support Services(50)	2237.81	+0.6	2223.94	2230.67	2202.10	1515.46	2.16	2.51	22.78	11.85	1415.89
49 Transport(21)	2457.78	+0.5	2446.11	2449.94	2419.58	2182.33	3.53	1.41	25.09	26.99	1020.81
60 UTILITIES(33)	2646.30	+1.4	2610.03	2603.80	2574.56	2305.65	4.69	2.08	12.96	35.13	1117.24
62 Electricity(12)	2992.07	+0.9	2966.91	2874.84	2822.77	2210.11	4.65	2.58	10.44	137.11	1440.17
64 Gas Distribution(2)	1505.96	+0.5	1598.46	1627.01	1613.72	2016.58	7.46	1.36	12.32	0.00	805.73
66 Telecommunications(7)	2217.04	+2.2	2170.32	2180.97	2167.88	1974.08	3.81	1.76	18.70	0.15	1003.57
68 Water(12)	2204.77	+0.7	2189.82	2219.64	2181.85	1844.47	5.54	2.59	8.71	3.61	1195.62
69 NON-FINANCIALS(687)	2037.94	+0.6	2026.03	2030.12	2012.15	1682.28	6.69	1.94	17.48	28.05	1541.89
70 FINANCIALS(105)	2881.90	----	2882.33	2907.30	2870.21	2248.00	4.11	2.56	11.85	64.61	1244.57
71 Banks, Retail(8)	3967.81	-0.5	3987.27	4048.41	3991.07	3002.73	3.90	2.77	11.57	104.55	1304.86
72 Banks, Merchant(6)	3473.32	+0.2	3465.59	3492.82	3467.74	3153.43	2.84	2.39	18.50	30.82	1098.80
73 Insurance(23)	1387.00	-0.1	1389.85	1396.31	1389.56	1252.22	5.70	3.15	8.07	32.08	1040.16
74 Life Assurance(6)	3675.51	+0.6	3646.09	3611.46	3574.48	2480.15	4.07	2.23	13.81	100.72	1540.80
77 Other Financial(21)	2585.67	+0.1	2583.21	2573.65	2567.96	1977.22	3.78	1.79	18.44	25.08	1464.16
79 Property(41)	1552.29	+1.8	1523.42	1521.85	1487.23	1333.72	4.07	1.31	23.43	10.45	948.15
80 INVESTMENT TRUSTS(126)	3218.96	+0.2	3212.63	3214.02	3195.49	2641.09	2.13	1.07	54.81	22.63	1122.04
89 FT-SE-A ALL-SHARE(898)	1906.36	+0.5	1897.37	1903.18	1885.31	1558.49	3.70	2.04	16.58	29.28	1608.35
FT-SE-A Fledgling	1206.46	+0.5	1202.97	1197.04	1191.05	966.95	2.85	2.16	20.31	6.78	1259.04
FT-SE-A Fledgling ex Inv Trusts	1213.07	+0.5	1207.34	1200.69	1194.26	962.33	6.10	2.33	17.29	10.71	1283.87

■ **Hourly movements**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3791.5	3808.9	3822.4	3821.7	3814.4	3817.2	3819.9	3819.0	3816.4	3828.3	3791.5
FT-SE Mid 250	4469.3	4481.2	4486.4	4478.4	4485.6	4487.9	4489.1	4491.2	4492.0	4493.6	4469.0
FT-SE-A 350	1912.5	1919.5	1925.3	1926.2	1924.0	1925.3	1926.5	1926.3	1925.4	1928.4	1912.5

Time of FT-SE 100 Day's high: 10:38 AM Day's low: 8:30 AM. FT-SE 100 1996 High: 3825.3 (16/04/96) Low: 2954.2 (23/01/96).

■ **FT-SE Actuaries 350 Industry baskets**

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1213.5	1215.1	1216.4	1227.3	1229.5	1231.4	1232.8	1232.8	1231.6	1232.1	1217.7	+14.4
Pharmaceuticls	4748.0	4764.4	4793.8	4797.5	4785.3	4787.7	4813.0	4811.0	4823.0	4837.8	4774.7	+63.1
Water	2184.9	2188.8	2181.6	2195.3	2198.5	2199.3	2199.5	2199.4	2198.1	2198.1	2182.9	+15.2
Banks, Retail	4009.7	4024.7	4043.2	4024.5	4011.1	4016.3	4017.8	4019.2	4013.5	4018.5	4038.2	-18.7

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. The FT-SE Actuaries Share Indices are calculated by FT-SE International Limited in conjunction with the Faculty of Actuaries and the Institute of Actuaries. © FT-SE International Limited 1996. All Rights reserved. The FT-SE Actuaries Share Indices are compiled in accordance with a standard set of ground rules established by FT-SE International Limited in conjunction with the Faculty of Actuaries and the Institute of Actuaries. "FT-SE" and "Footsie" are trademarks of the London Stock Exchange and the Financial Times Limited and are used by FT-SE International Limited under licence. Auditor: The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. INSERT: Molins (Mid 250). DELETION: Trafalgar House (Mid 250), Molins (SmallCap).

TRADING VOLUME

■ **Major Stocks Yesterday**

	Vol. 000s	Closing price	Day's change
3i†	480	441	
ASDA Group†	5,600	110¼	
Abbey National†	4,700	574	-3
Albert Fisher	4,900	48½	+2½
Allied Domecq†	1,400	504	+1
Anglian Water	1,800	589	+7
Argos†	1,000	634	+4
Argyll Group†	4,600	329	+1½
Arjo Wiggins	1,000	186	-1
Assoc. Brit. Foods†	303	399	-3
Assoc. Brit. Ports	248	290	
BAA†	2,100	551	+4
BAT Inds.†	6,800	504	-6
BBA	896	338	+5
BET	37,000	205½	-2½
BICC	571	355	-1
BOC†	546	914	
BP†	4,700	590½	-5
BPB Inds.	2,800	328	-4
BSkyB†	1,200	486	-1
BT†	9,400	379	+6½
BTR†	8,400	317	-2
Bank of Scotland†	1,300	252½	-½
Barclays†	6,200	743	-8
Bass†	1,400	790	+11
Blue Circle†	878	385	+5
Booker	285	396	+1
Boots†	680	634	+4
Britannic	281	805	+1
Brit. Aerospace†	432	880	+3
British Airways†	3,900	537	
British Gas†	7,900	240½	+1
British Land	3,800	427	+8
British Steel†	4,000	195½	-½
Bunzl	500	234	+1
Burmah Castrol†	410	1048	+11
Burton†	7,800	154½	+1¼
Cable & Wire†	9,400	546	+24
Cadbury Schweppes†	2,800	511	+2
Caradon	2,300	234	+2
Carlton Comms.†	1,500	478	-6
Chubb	639	373	+3
Coats Viyella	1,200	199	+2
Comm. Union†	3,300	576	-5
Compass	70	645	+1
Cookson†	2,300	327	
Courtaulds†	1,000	438	+2
Dalgety	160	408	
De La Rue	320	718	-3
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. † Indicates an FT-SE 100 index constituent. All trades are unclassified. Source: FT Extel.

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WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 18 / Sch)

BELGIUM/LUXEMBOURG (Apr 18 / Frs.)

CZECH REP (Apr 18 / Koruna)

DENMARK (Apr 18 / Kr)

FINLAND (Apr 18 / Mkk)

FRANCE (Apr 18 / Frs.)

GERMANY (Apr 18 / Dm.)

GREECE (Apr 18 / Drachma)

ITALY (Apr 18 / Lira)

NETHERLANDS (Apr 18 / Fls.)

NORWAY (Apr 18 / Kroner)

POLAND (Apr 18 / Zloty)

PORTUGAL (Apr 18 / Escudo)

SPAIN (Apr 18 / Pta.)

SWEDEN (Apr 18 / Kronor)

SWITZERLAND (Apr 18 / Frs.)

TURKEY (Apr 18 / Tk Lira)

PACIFIC

JAPAN (Apr 18 / Yen)

HONG KONG (Apr 18 / H.K.$)

INDONESIA (Apr 18 / Rupiah)

MALAYSIA (Apr 18 / MYR)

NEW ZEALAND (Apr 18 / NZ $)

SINGAPORE (Apr 18 / S$)

AUSTRALIA (Apr 18 / Aust$)

SOUTH KOREA (Apr 18 / Won)

TAIWAN (Apr 18 / TW $)

THAILAND (Apr 16 / Baht)

AdvInf	480xd	-40	510	202	1.1	–
BgkBnk	382	-8	378	310	1.5	–
BgkLnd	32	–	45	31.75	1.6	–
DhSiam	191xd	-2	199	148	–	–
FinOne	121	-2	177	136	2.8	–
KrThBk	127	-3	147	106	2.4	–
LndHou	408xd	-24	512	404	1.2	–
PhThan	230	–	368	214	1.8	–
SiamCm	1,300	-12	1,624	1,204	1.5	–
SiamCl	338	-5	424	332	2.4	–
SiamCB	338	-14	430	340	2.3	–
Telavis	69.50	-.50	88	67	–	–
ThaiFm	314	–	620	256	1.7	–

AFRICA

SOUTH AFRICA (Apr 18 / Rand)

NORTH AMERICA

CANADA

MONTREAL (Apr 18 / Can $) 4 pm close

TORONTO (Apr 18 / Can $) 4 pm close

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1996. 4 Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. ‡ Prices in US $. Some Canadian prices in yesterday's FT were pre-close.

INDICES

	Apr 18	Apr 17	Apr 16	1996 High		1996 Low	
Chile							
IGPA Gen¶(31/12/80)	(u)	5368.86	5361.47	5804.33	8/1	5215.28	8/4
Denmark							
CopenhagenSE(3/1/83)	394.59	394.46	394.36	394.59	18/4	368.40	2/1
Finland							
HEX General(28/12/90)	1887.60	1863.42†	1841.60	1887.18	19/3	1661.87	18/1
France							
SBF 250(31/12/90)	1417.34	1411.34	1420.33	1420.33	16/4	1250.36	2/1
CAC 40(31/12/87)	2085.96	2075.12	2097.34	2097.34	16/4	1897.85	11/1
Germany							
FAZ Aktien(31/12/58)	896.25	898.78	899.85	901.41	15/4	818.88	2/1
Commerzbank(1/12/53)	2580.80	2586.7	2588.5	2592.50	15/4	2276.30	2/1
DAX(30/12/87)	2535.52	2524.18	2538.38	2545.84	15/4	2284.86	2/1
Greece							
Athens SE(31/12/80)	950.38	961.15	963.46	1017.96	4/3	901.14	3/1
Hong Kong							
Hang Seng(31/7/64)	10909.29	10962.69	11032.98	11594.99	16/2	10204.87	2/1
India							
BSE Sens.(1979)	3737.88	3718.91	3580.54	3737.88	18/4	2828.08	25/1
Indonesia							
Jakarta Comp.(10/8/82)	620.97	624.17	619.26	624.17	17/4	512.48	2/1
Ireland							
ISEQ Overall(4/1/88)	2489.74	2496.33	2475.12	2496.33	17/4	2234.81	2/1
Italy							
Banca Comm Ital(1972)	612.59	608.16	613.75	638.28	9/2	572.21	23/3
MIB General(2/1/96)	1039.0	1031.0	1041.0	1082.00	9/2	970.06	27/3
Japan							
Nikkei 225(16/5/49)	21812.30	21816.22	21868.17	21883.04	15/4	19734.70	13/3
Nikkei 300(1/10/82)	309.51	310.47	310.97	311.80	15/4	284.49	11/3
Portugal							
BVL 30(4/1/93)	1805.33	1792.88	1792.90	1805.33	18/4	1602.81	2/1
Singapore							
SES All-S'pore(2/4/75)	587.20	590.92	590.14	610.37	5/2	553.89	2/1
South Africa							
JSE Gold(28/9/78)	1882.0¥	1887.7	1857.1	1917.60	7/2	1346.40	2/1
JSE Ind.(28/9/78)	8370.5¥	8328.3	8257.9	8738.30	25/1	8008.40	2/1
South Korea							
KoreaCompEx**(4/1/80)	919.86	922.40†	907.73	922.40	17/4	838.87	13/3
Spain							
Madrid SE(30/12/85)	351.83	350.25	349.81	351.83	18/4	323.75	11/1
Sweden							
AffarsvarldsGen(1/2/37)	1897.6	1894.1	1887.4	1927.00	19/3	1706.80	22/1
Switzerland							
Swiss Bk Ind(31/12/58)	1745.88	1744.59	1743.07	1794.85	27/3	1516.19	17/1
SBC General(1/4/87)	1231.96	1231.57	1232.23	1250.57	25/3	1114.47	26/1
Taiwan							
WeightedPr.**(30/6/66)	5942.80	6067.98	5938.22	6122.46	15/4	4690.22	6/2
Thailand							
Bangkok SET(30/4/75)	1331.14	1340.47	1351.59	1415.04	6/2	1247.79	13/3
Turkey							
Istanbul Crp.(Jan 1986)	65812.9	66753.9	66118.3	72066.80	6/4	38779.30	2/1
WORLD							
MS Capital Intl$(1/1/70)	751.7*	751.0	753.7	758.40	5/4	725.90	15/1
CROSS-BORDER							
Eurotrack 100(26/10/90)	1649.21	1648.84	1652.07	1682.07	16/4	1504.40	11/1
Euro Top-100(26/6/90)	1429.54	1424.03	1434.62	1434.82	16/4	1330.01	11/1
HSBC JC Drgn(31/12/88)	(u)	382.90	383.16	383.16	16/4	344.19	2/1
ING Brngs Emrg(7/1/92)	161.77	162.21	161.58	162.72	5/2	147.35	2/1

** Sat Apr 13. Taiwan Weighted Price 6070.63; Korea Comp Ex 866.57. Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., BVL 30, SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal ♣ Toronto. u1 Closed. (u) Unavailable. † IBIS/DAX after-hours index: Apr 18 - 2524.18 -4.36

US INDICES

Financial	64.59	64.84	65.27	66.56 (5/3)	58.87 (10/1)	66.56 (5/3/96)	8.64 (1/10/74)
NYSE Comp.	344.56	346.28	345.20	351.82 (4/4)	321.41 (10/1)	351.82 (4/4/96)	4.46 (25/4/42)
Amex Mkt Val	580.38	578.31	576.11	580.38 (17/4)	529.85 (18/1)	580.38 (17/4/96)	29.31 (9/12/72)
NASDAQ Cmp	1120.87	1124.92	1110.44	1124.92 (16/4)	988.57 (15/1)	1124.92 (16/4/96)	54.87 (31/10/72)

■ RATIOS

	Apr 12	Apr 5	Mar 29	Year ago
Dow Jones Ind. Div. Yield	2.17	2.11	2.15	2.60
	Apr 10	Apr 3	Mar 27	Year ago
S & P Ind. Div. yield	1.92	1.86	1.87	2.26
S & P Ind. P/E ratio	20.83	21.43	21.21	18.11

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
IBM	16,122,300	105⅛	-10⅛
Ford	12,664,400	36⅝	+1⅛
Tel de Mex	8,227,500	36⅛	+⅛
Loral Space	7,428,400	13⅞	-⅜
AT & T	5,750,300	61⅝	-⅝
Loral Corp	4,859,500	51	-⅛
Analog Devs	4,509,500	23⅞	-3
Bay Network	4,182,600	28½	+½
Merck & Co	3,731,300	60⅝	+⅛
Gen Motors	3,532,400	57⅛	–

■ TRADING ACTIVITY

● Volume (million)	Apr 17	Apr 16	Apr 15
New York SE	443.622	454.457	348.232
Amex	273.437	286.322	208.836
NASDAQ	594.450	634.802	476.876
NYSE			
Issues Traded	3,128	3,124	3,125
Rises	970	1,313	1,675
Falls	1,335	1,025	740
Unchanged	823	786	709
New Highs	102	142	116
New Lows	18	8	13

INDEX FUTURES

■ CAC-40 (500 x Index) (Apr 4)	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Apr	2072.0	2092.0	+16.0	2104.0	2070.0	27,721	30,351
May	2062.0	2081.5	+15.5	2081.5	2062.0	4,540	7,745
■ DAX							
Jun	2525.0	2524.0	+2.0	2547.5	2519.5	28,063	153,225
Sep	2545.0	2543.5	+3.5	2562.5	2542.5	848	3,880

■ OMX	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Apr	1463.00	1472.00	+7.00	1482.00	1455.00	3,440	14,843
May	1050.00	1462.50	+7.25	1463.00	1450.00	294	4,224
■ SOFFEX							
Apr	3586.1	3593.5	–	3616.0	3586.1	10,143	11,952
May	3570.0	3580.0	-0.8	3600.0	3570.0	7,006	14,734

■ S&P 500	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	644.75	646.85	+2.00	647.65	644.65	77,159	178,438
Sep	651.30	651.20	+0.90	651.85	651.10	1,053	5,821

■ Nikkei 225	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	21790.0	21860.0	-50.0	21920.0	21750.0	17,642	258,597
Sep	22070.0	21970.0	-110.0	22070.0	21970.0	8	13,010

Open interest figures for previous day

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock, whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¥ Subject to official recalculation.

■ TOKYO - MOST ACTIVE STOCKS: Thursday, April 18, 1996

	Stocks Traded	Closing Prices	Change on day
NKK Corp	9.5m	323	-12
Nippon Stl Corp	9.1m	372	-7
Sanyo Electric	8.0m	660	
Mitsubishi Hvy	7.2m	938	-5
Gun-Ei Chem Ind	6.9m	602	
Keio Teito Ry	4.9m	649	+1
Kawasaki Steel	4.4m	386	+4
Okura & Co	4.4m	809	+24
Sumitomo Mtl Ind	4.4m	330	-9
Denki Kogyo	4.3m	1100	

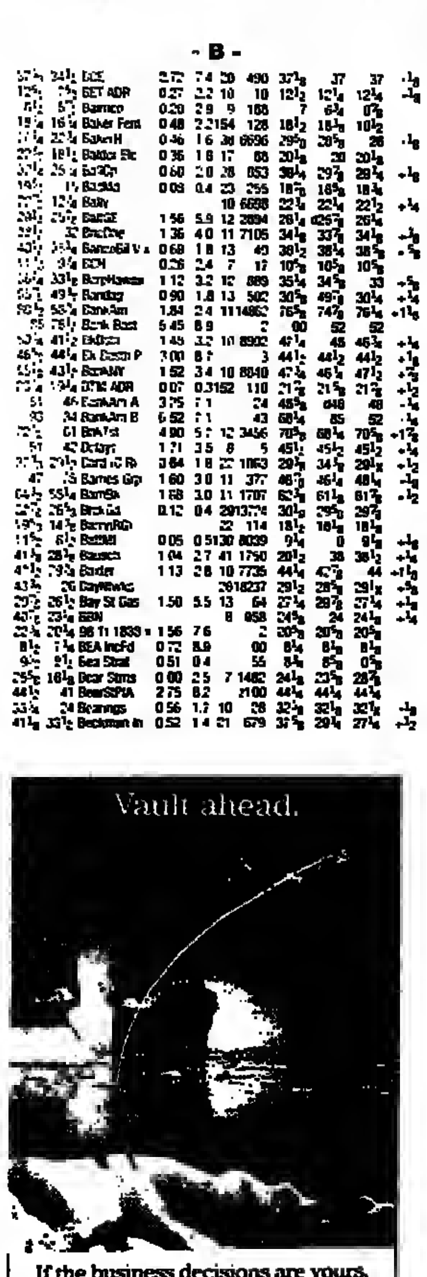
4 pm close April 18

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1996 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
28	10	Atlntc Egy	1.54	0.4	14	339	18½	18¼	16⅜	+⅛
132	107½	AtlRch	5.50	4.8	13	5472	118⅛	115¼	115⅜	-3⅛
2	1¼	Atlas			1	249	1⅜	d1¼	1¼	
25⅛	21	Atmos Engy	0.95	3.7	16	239	u26½	25	26	+⅞
19⅞	15¼	Augat	0.16	0.9	14	889	19	18½	18½	-½
8⅞	8¼	Austria Fd	9.03	0.3		68	8¾	8⅝	8⅝	-⅛
43⅛	35⅞	AuOsta	0.40	1.8	25	9186	38¾	38¼	38⅜	
35⅛	22⅞	AutoZone			34	4282	34⅜	34⅞	34⅜	+⅛
16	14⅝	Avemco	0.48	3.1	17	68	15½	15⅛	15½	+⅛
10⅝	5⅝	Avial	0.84	0.4	0	67	6⅛	6	6⅛	
50⅞	38	Avnet	0.80	1.2	13	654	50⅛	49⅜	50	+⅝
95	72⅛	AvonPr	2.20	2.5	21	2074	88⅞	87¼	87½	-⅛
16⅛	12⅞	Avdo Corp			10	245	15½	16⅛	15¼	-⅜
10⅛	7⅛	Aztar			58	548	9⅝	9⅜	9⅝	+⅛

- B -

1996 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
37¾	34½	BCE	2.72	7.4	20	490	37⅛	37	37	-⅛
12⅝	7⅞	BET ADR	0.27	2.2	10	10	12½	12¼	12¼	-⅛
8½	6⅞	Bairnco	0.20	2.9	9	188	7	6¾	6⅞	
19¼	16¼	Baker Fent	0.48	2.2	154	128	18½	18¼	18½	
31¼	22¼	BakerH	0.46	1.6	38	6696	29⅝	28⅝	28	-⅛
22⅞	18½	Baldor Elc	0.36	1.8	17	68	20⅛	20	20⅛	
37½	25¼	BallCp	0.60	2.0	28	853	30¼	29⅞	29¾	+⅛
19½	17	BaltGs	0.08	0.4	23	255	18⅞	18⅝	18¾	
23	12¼	Bally			10	6698	22¼	22¼	22½	+¼
29½	25⅞	BaltGE	1.56	5.9	12	2894	26¼	d25⅞	26⅛	
35½	32	BncOne	1.36	4.0	11	7105	34⅛	33⅞	34⅛	-⅛
40½	35¾	BancoBil V x	0.69	1.8	13	49	38½	38¼	38⅝	-⅝
11	9¼	BCH	0.26	2.4	7	17	10⅝	10⅝	10⅝	
36¼	33⅛	BcpHawaii	1.12	3.2	12	889	35¼	34⅝	33	-⅝
55	49⅜	Bandag	0.90	1.8	13	502	30⅝	49⅞	30¼	+¼
80½	55¾	BankAm	1.84	2.4	11	14862	76⅝	74⅞	76¼	+1⅛
55	75½	Bank Bost	5.45	8.9		2	60	52	52	
50¼	41½	BkBstn	1.48	3.2	10	8902	47¼	45	46¾	+¼
46⅝	44¼	Bk Bostn P	3.00	6.7		3	44½	44½	44½	+⅛
49½	43½	BankNY	1.52	3.4	10	8040	47¾	46⅛	47½	+⅞
22¼	19¾	BTM ADR	0.07	0.3	152	110	21⅞	21⅝	21⅞	+½
51	46	BankAm A	3.75	7.1		24	48⅝	d48	48	-¼
93	84	BankAm B	6.52	7.1		43	68¼	85	52	-¼
72½	61	BnkTst	4.90	5.7	12	3456	70⅝	68¼	70⅝	+1⅞
51	42	Bdays	1.71	3.5	8	5	45½	45½	45½	+¼
37½	29½	Card iC R	3.64	1.8	22	1063	29⅝	34½	29¼	+½
47	35	Barnes Grp	1.60	3.0	11	377	46⅞	46¼	48¼	-⅛
64½	55¼	BarnBk	1.68	3.0	11	1707	62⅝	61⅛	61⅞	+½
32½	26⅞	BrckGd	0.12	0.4	2913	774	30⅛	29⅝	29⅞	
19⅝	14⅞	BarryRG				22	18½	18⅛	18⅛	
11⅝	6⅛	BattMt	0.05	0.5	130	8039	9¼	9	9¼	+⅛
41⅛	28⅞	Bausch	1.04	2.7	41	1750	20½	38	38½	+¼
49⅛	29⅞	Baxter	1.13	2.8	10	7735	44¼	42⅞	44	+1⅛
43¾	26	BayNtwks				29	18237	29½	28⅝	29⅛ x	+⅝
29⅞	26½	Bay St Gas	1.50	5.5	13	64	27¼	28⅞	27¼	+⅛
40⅞	23⅛	BBN				8	858	24⅝	24	24⅛	+¼
22¾	20¼	96 11 1833 x	1.56	7.6		2	20⅝	20⅝	20⅝	
8½	7¼	BEA IncFd	0.72	8.9		00	8¼	8⅛	8⅛	
9⅝	8½	Bea Strat	0.51	0.4		55	8⅝	8⅝	8⅝	
25⅝	16⅛	Bear Stms	0.00	2.5	7	1482	24⅛	23⅝	23⅞	
44½	41	BearSPIA	2.75	6.2		2100	44¼	44¼	44¼	
33¾	24	Bearings	0.56	1.7	10	28	32⅛	32⅛	32⅛	-⅛
41⅛	33½	Beckman In	0.52	1.4	21	679	37⅝	29¼	27¼	+½



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NYSE COMPOSITE PRICES

4 pm close April 18

Continued from previous page

- X - Y - Z -

1996 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
142	119½	Xerox	3.48	2.6	16	3558	133¾	131¼	133¾	+2⅛
47⅛	39¾	Xtra Corp	0.72	1.6	14	29	45⅞	45½	45½	-⅛
25⅞	21¼	Yankee Egy	1.28	5.7	15	312	22¼	21¾	22¼	+⅜
50⅝	46⅞	York Int	0.36	0.7	21	2946	u50⅝	48⅞	50	+1⅛
3¾	3	Zapata	0.14	3.7	8	641	u3¾	3½	3¾	+¼
7⅛	5⅞	ZenithE			3	176	6⅝	6½	6½	
24⅞	21⅛	Zenith Nat	1.00	4.1	67	52	24½	24¼	24⅜	
7⅛	6½	Zenix Inc	0.72	10.3		78	7	6⅞	7	
18¼	15⅝	Zero	0.44	2.5	17	111	17⅝	17¼	17⅝	-⅛
23¼	19⅝	Zurn Ind	0.40	2.0	15	208	20¼	19⅞	19⅞	-¼
11⅜	10¾	Zweig Fund x	1.12	10.1		211	11⅛	11	11⅛	+⅛
9	8½	Zweig Tot x	0.84	9.6		190	8⅝	8½	8⅝	

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1996. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

d-new yearly low. P/E price-earnings ratio. ex-sales. u-new yearly high. x-ex-dividend or ex-rights. yld-yield. z-sales in full.
‡ Dealings suspended.

FT Free Annual Reports Service
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Owing to technical problems, some US American prices in yesterday's FT were pre-close.

NASDAQ NATIONAL MARKET

4 pm close April 18

AMEX COMPOSITE PRICES

4 pm close April 18

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Adv Magn		133	69	21⅛	21	21⅛	+⅛
Alfin Inc		8	218	u1⅞	1½	1⅞	+⅛
Alpha Ind		17	172	9½	9⅛	9⅜	-¼
Am Isr Pa	1.04	8	8	35	35	35	+1
Amdahl	0.05	49	16729	u12	10⅝	11⅞	+1¼
AmerExpl		400	218	12⅜	12	12	-⅛
Ampal-AmA		88	25	5⅜	5½	5½	
ASR Invs	2.00	8	16	17⅜	17⅛	17¼	+⅛
Astrotech		18	532	5⅝	5½	5⅝	
Atari		8	11847	u5⅝	4½	5⅛	+1⅛
Audiovx A		4	92	4⅛	d4⅛	4⅛	-⅛
AvivaPtDR		38	5	3½	d3½	3½	
B&H Ocean	0.60	11	10	2½	2½	2½	+⅛
BadgerMtr	0.80	13	53	29⅛	28⅝	28¾	-⅝
BaldwinT A	0.04	11	124	4	3 15/16	3 15/16	-1/16
BATInd	0.85	10	159	15⅝	15 7/16	15⅝	
Bard		17	234	u3	2½	3	+⅛
[illegible]	0.40	16	8	23⅝	23⅝	23⅝	-⅛
Bio-Rad A		15	175	45¼	44⅛	45⅛	+1⅛
Bowmar		4	70	2¼	d2⅛	2⅛	
Bowne	0.36	12	41	18	17¾	18	+⅛
Brascan A	1.04	24	184	30	20	20¼	+¼
Calprop		08	40	11/16	11/16	11/16	
Cambrex	0.20	17	243	44¼	43⅜	43⅞	-1
Can Marc	0.14	28	10	9 5/16	d9¼	9 5/16	-1/16
Cntrl FdA	0.01		2	5 5/16	5 5/16	5 5/16	
Cominco	0.30	17	40	u24¼	23⅞	24	
CmpTch		25	47	10¼	10	10	-⅛
Compumac		17	33	1 13/16	1 13/16	1⅞	+1/16
Concd FbA		10	11	u5 9/16	5 7/16	5 7/16	+⅛

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
CrossAT A	0.84	21	195	15⅝	15⅛	15⅜	+⅛
Crown C A	0.40	2	28	20¼	19¾	19⅞	-⅛
Crown C B	0.40	2	109	18¼	18¾	19	-½
Cubic	0.53	30	27	u29	30⅜	28	+⅛
Customedix		8	22	1 11/16	1⅞	1⅞	+1/16
DI Inds		3	1914	1 1/16	1⅛	1⅛	-⅛
Dimark		24	365	14¾	14	14½	+⅛
Ducommun		12	170	13½	13⅛	13⅝	+⅛
Duplex	0.48	42	689	u10½	9¾	10½	+¼
Eastn Co	0.46	22	115	11¾	d11	11	-⅛
Echo Bay	0.07	37	4125	13	12⅞	13	+⅛
Ecol En A	0.32	25	15	8	8	8	
Edisto Re		18	178	8⅝	8¼	8¼	-¼
Epitope		14	418	18⅞	18¼	18⅜	-¼
Fab Inds	0.70	18	118	27¾	27½	27⅜	+⅛
Fina A	2.40	15	38	50½	50¼	50⅜	+⅛
Forest La		18	6518	45½	44¾	45½	+⅜
Frequency		17	78	5 7/16	5¼	5 7/16	+⅛
Garan	0.80	15	8	u17⅜	17⅜	17⅜	+⅛
Giant FdA	0.74	18	488	31¾	31	21½	
Glatfltr x	0.70	10	499	16⅞	19¾	16⅝	
Goldfield		10	7	⅛	3/16	3/16	-1/16
HanDir		4	493	1 7/16	1 7/16	1¼	-3/16
Hasbro	0.40	20	1851	36⅝	36¼	36⅜	-⅛

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Health Ch		43	5	1⅜	1¾	1⅜	
Heico	0.15	22	21	22½	22½	22½	+¼
HmeInsA		16	65	6½	6 5/16	6½	+3/16
InstronCp	0.18	17	10	13½	13½	13½	-⅛
Int. Comp		8	1091	8⅜	8⅜	8⅝	-⅛
Intermagn		42	53	15⅝	15½	15⅝	+¼
Ivax	0.08	29	8217	28	27⅜	27⅞	+⅜
Jan Bell		25	108	3⅜	3⅜	3⅜	-⅛
Kinark Cp		14	33	3⅞	3½	3⅞	+⅛
Kirby Exp		54	232	16⅝	17⅞	16⅝	+½
KogrEq		7	61	11½	11⅜	11½	+⅛
Labarge		82	828	6¾	6⅞	6⅞	+⅛
Laser Ind		27	355	10¼	9⅞	10	+⅛
Lumex Inc		8	69	11	16⅝	16⅝	-⅛
Lynch Cp		17	7	65⅝	64½	65⅝	+1⅛
Maxxam		8	12	49⅞	49¾	49⅞	-⅛
Media A	0.48	21	118	38⅞	38½	38⅝	+¼
Mem Co	0.36	3	3	4⅜	4⅜	4⅜	
Mitromedia		3	1244	13¼	12½	13¼	+⅛
MilleLd			72	7⅛	6⅞	7⅛	+½
Moog A		17	18	20⅜	20½	20½	-½
MSR Expl		11	21	11/16	11/16	11/16	-1/16
NatPatDev		57	139	9¼	8⅞	9⅛	+¼
NY TmA	0.86	21	1817	31⅜	31⅛	31¾	-¼
NumacE		104	5	4 5/16	4 5/16	4 5/16	+⅛

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
NVR		18	58	9⅜	9¼	9⅞	+⅛
Pegasus G	0.10	136	1900	14	12¾	13⅞	+⅛
PerInt	0.80	1	47	8	7¾	7⅞	-⅛
Pittway A	0.23	25	39	48½	48	48½	-⅛
PMC	1.06	12	23	13⅜	13¼	13¼	-⅛
RaganBrad		57	2	35½	35½	35½	
SJW Corp	2.22	18	6	39	38⅞	38⅞	-⅛
Tab Prods	0.20	21	181	u7¼	6⅞	7⅛	+⅛
Tel&Data	0.46	25	473	49½	48⅛	48⅛	
Thermedics		54	93	29	28½	30	+½
Thermotrex		33	461	29⅞	29¼	29¾	+⅛
TotPtHA	0.30	171	358	u12¼	11⅞	12	-⅛
TownCntry		2	25	¾	11/16	11/16	
Triton		8	28	⅞	⅞	⅞	-1/16
Tubos Mex		47	15948	8⅛	8	8	
TurnerBrA	0.07	85	141	27⅞	27½	27½	-⅛
TurnerBrB	0.07	85	406	27⅞	27½	27½	-⅛
UtdFoodsA		33	34	2	2	2	
UtdFoodsB	0.36	33	30	2	2	2	+⅛
US Cellul		29	293	35¼	35⅛	35¼	+¼
ViacomA		94	445	40⅜	40⅝	40⅝	+⅛
ViacomB		96	5084	42	41½	41⅜	+⅛
WRET	1.12	18	117	11⅜	10⅞	11⅜	+⅛
Xytronix		3	170	2¼	2	2⅛	-⅛

AMERICA

Technology stocks make the running

Wall Street

Technology stocks were higher in midsession trading while other sectors were mostly flat as quarterly earnings reports remained the focus of the market, *writes Lisa Bransten in New York.*

In the early afternoon the Nasdaq composite was 12.22 up at 1,133.09 on the strength of some healthy signals from companies in both the biotechnology and the computer related technology sectors.

Biotech shares received a boost from a 32 per cent increase in net income at Amgen, one of the sector's leading companies.

Late on Wednesday, Amgen reported profits of 51 cents a share, 1 cent per share ahead of analysts' estimates, helping the stock to add $3⅝ at $56⅝.

Other stronger biotech shares included Chiron, up $1½ at $95, and Genzyme, which moved up $¾ to $51¾.

In the computer technology sector, shares recovered yesterday from Wednesday's weakness, led by gains in the microchip sector.

Late on Wednesday LSI Logic had reported earnings which were just below analysts' estimates, but the company also said it was experiencing above average demand for its chips. Shares in the company added $1¼ at $33¼ by midsession.

Other strong chip companies included Motorola, up $2¼ at $59⅞, Texas Instruments, $1⅞ stronger at $55⅞, and Intel, which rose $1⅛ to $65⅞.

Broader indices swung through positive and negative territory with the bond market, but managed to hold on to modest gains even as renewed worries about inflation sent the benchmark 30-year Treasury nearly half a point lower.

At 1pm the Dow Jones Industrial Average was 4.70 higher at 5,554.63. The Standard & Poor's 500 rose 1.97 to 643.58, while the American Stock Exchange composite added 2.72 at 583.10.

Volume on the New York Stock Exchange came to 243m shares.

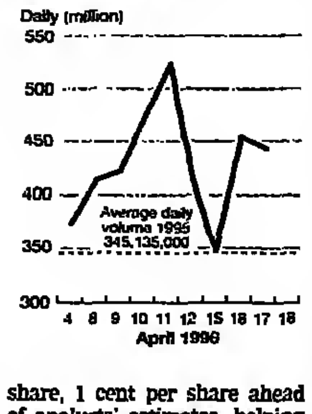
Shares in pharmaceuticals companies gained yesterday on signs of strong revenue growth from Merck, a component of the Dow that reported its earnings early on Wednesday, and Warner Lambert, which reported early yesterday.

Merck added $1⅛ at $61⅛, Warner Lambert was $2½ stronger at $112⅞, Eli Lilly added $2⅞ at $59⅞, Schering Plough rose $1 to $58⅞ and Pfizer was $⅞ stronger at $69½.

Sears Roebuck, another component of the Dow, slipped $⅛ to $52¼ in spite of reporting earnings of 36 cents a share, 2 cents per share ahead of analysts' estimates.

In the previous six sessions Sears had gained nearly $4½, in part because of hopes for a strong earnings report.

NYSE volume



Canada

Toronto stocks moved higher in brisk midsession trading as a strong golds sector lifted sentiment.

The market was also helped after three of the country's big six banks cut their prime lending rates to 6.50 per cent from 6.75 per cent after the Bank of Canada pared rates by 25 basis points to 5.0 per cent.

The TSE 300 composite index had risen 10.70 to 5,073.60 in volume of 57m shares for a total value of C$350m by midsession.

Advancing stocks outpaced declines by 274 to 217, with 243 issues unchanged.

Mexico at new record

Mexican stocks set a new intra-day record high as the week-long rally in the IPC index continued.

The IPC index of 37 leading stocks reached 3,271.62 after climbing 37.24 or 1.14 per cent since the opening.

The bolsa has posted record closing highs in three of the past four sessions as investors were encouraged by falling interest rates, a stronger peso and a good inflation outlook.

BUENOS AIRES was moving sideways as the market continued to regroup following a strong recent recovery.

The Merval index, which closed unchanged on Wednesday, was showing a rise of 3.30 points at 535.26 by midday.

The index had strengthened 6.1 per cent in the previous six sessions.

In SAO PAULO the Bovespa index was down 127.25 at 49,912 by midsession.

Foreign funds lift S Africa

International fund buying propelled stocks upwards for the third consecutive day as the weaker rand stabilised, enticing foreigners who had been scared off by the currency's recent volatility.

Dealers said initial demand had once again focused on commodity and rand-hedge stocks but interest had spilled over into other industrials.

Gold mines in the Anglos stable released sharply higher results for the second quarter compared to the preceding three months, with Freegold turning sharply back to profit.

The overall index ended 35.5 stronger at 6,893.3, the industrial index rose 42.2 to 8,370.5 and the gold shares index added 24.3 at 1,862.0. De Beers dipped R1.50 to R131.50, Gold Fields added R2 at R142, Richemont collected 50 cents at R61.50 and Standard Bank jumped R4 to R180. Vaal Reefs rose R1.50 to R405 and Freegold firmed 50 cents to R42.50.

EUROPE

Surprise move by Buba fails to ignite bourses

Like the rest of the Continent, FRANKFURT was taken off guard by the Bundesbank's decision to cut the discount and Lombard rates by 50 basis points.

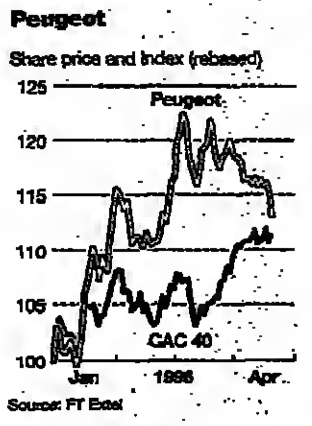
However, the surprise factor did not translate into a rally in the Dax as realisation dawned that the cut could be the last in the current cycle. The Dax index, which was hovering around 2,520 before the announcement, moved to 2,535.52. In the Ibis the indicator closed at 2,524.18.

The Bundesbank lowered the discount rate to 2.50 per cent from 3 per cent and the Lombard emergency financing rate to 4.50 per cent from 5 per cent. The repo was to be kept fixed at 3.30 per cent for at least the next two weeks.

The Bundesbank said the decision to reduce official interest rates, for the first time since December, was based on a favourable inflation outlook. The move takes the discount rate back down to its record low seen in the first half of 1988.

Price movements were muted with the exception of SAP, which continued to benefit from good first-quarter figures, rising 4.85 per cent to DM205.50 and then back to DM201.70 in the Ibis.

Peugeot



Source: FT Extel

PARIS moved higher on expectations that the country's central bank would follow suit in due course and lower rates: the policy council meets next week. The CAC-40 index rose to a high of 2,100.56, before closing 10.84 up at 2,085.96. Turnover was FFr5.4bn.

AGF, the insurer, lost FFr5.10 at FFr137.90 following a report in the local press that the government was about to launch the group's privatisation next week. The government denied the report, but dealers said a privatisation could be on the cards soon.

Peugeot dropped after the vehicle manufacturer said sales slipped 1.2 per cent to FFr164.25bn, that its operating margin shrank to 2.3 per cent of sales from 4.4 per cent the previous year, and the company's debt had jumped nearly 30 per cent in 1995.

The stock slipped more than 1 per cent, falling FFr10 to FFr735 as the company also said it would cut the 1995 dividend by FFr1 to FFr5 a share and Mr Jacques Calvet, the chairman, said the outlook in 1996 was "sombre".

AMSTERDAM was weaker but the market seemed uninterested by the Buba move. The expiry of April option contracts was said to be weighing on individuals' minds.

The AEX index closed 2.12 lower at 543.56.

The Dutch central bank followed Buba by knocking 50 basis points from its secured loans rate to 2.00 per cent and slicing 10 basis points from the special advances rate, which sank to 2.70 per cent.

Akzo Nobel moved against the trend with a rise of Fl 1.90 to Fl 191.50. Royal Dutch also came under pressure, dropping Fl 3.20 to Fl 241.20, with dealers suggesting that a fall in the oil price might have fuelled profit-taking.

ZURICH edged lower, heavily influenced by derivatives related trade ahead of today's expiry of options and futures. The SMI index eased 2.7 to 3,601.2. Swissair lost SFr29 to SFr1,248 after the city of Geneva said it would sell its 19,000 Swissair shares in protest at the airline's plan to transfer most of its long-haul operations to Zurich from Geneva.

Among the banks, UBS bearers receded SFr27 to SFr1,213, trading ex-dividend.

MILAN was higher on hopes that the Bank of Italy would follow Germany's example and cut its discount rate, and the Comit index rose 4.41 to 612.59.

Politics continued to cloud the outlook, however, ahead of Sunday's election. Mr James Cornish at NatWest Markets commented that neither opinion polls nor analysis encouraged him to make a confident prediction of the outcome. He added that even when the outcome was known on Monday, weeks of bargaining might still lie ahead.

VIENNA ended at the day's high, helped by an unexpected move by the central bank to cut half a point off its leading interest rates, and ahead of today's expiry of futures and options contracts. The ATX index gained 5.32 at 1,091.15.

OMV jumped Sch26 to its high for the year of Sch1,012 in heavy trade on news that the Austrian state holding company planned to sell 3.5m shares in the oil and chemicals group.

In the opposite direction, AMS, the chip maker, tumbled 8.6 per cent to Sch1,280 as foreign investors remained heavy sellers.

BRUSSELS finished virtually flat. In spite of a reduction in its key interest rates, with the Bel-20 index finishing 1.22 weaker at 1,724.94.

Glaverbel, the glassmaker, fell BFr175 to BFr3,555 after its announcement of a cut in its 1995 dividend to reflect the difficult economic situation that the group faced. Analysts were divided over whether the stock had further to fall.

STOCKHOLM put in an optimistic performance and the Affärsvärlden index finished 13.5 higher at 1,897.6.

Stora picked up SKr1 to SKr98.50 and Modo was SKr8 stronger at SKr369 after Goldman Sachs upgraded its recommendations on the forestry groups.

OSLO saw a NKr10 jump in Aker A shares to NKr130 after the chief executive announced his resignation from the offshore and building materials group following differences with the board over future developments. The Total index rose 4.92 to 802.19.

ATHENS came under selling pressure, shedding 1.12 per cent, and dealers said unfulfilled expectations about the earnings of some banks and construction companies accounted for the retreat.

The general index was down 10.76 at 950.38 in light volume of 2.9m shares.

Written and edited by Michael Morgan and John Pitt

FT-SE Actuaries Share Indices — THE EUROPEAN SERIES

Apr 18 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1643.28	1643.38	1644.61	1645.86	1649.21	1646.80	1648.23	1649.21
FT-SE Eurotrack 200	1705.90	1706.90	1709.77	1707.26	1710.67	1711.42	1710.53	1708.74

	Apr 17	Apr 16	Apr 15	Apr 12	Apr 11
FT-SE Eurotrack 100	1648.65	1652.07	1651.24	1635.25	1640.35
FT-SE Eurotrack 200	1708.59	1713.16	1703.80	1694.78	1696.04

Base value 1000 (26/10/90) Highday: 100 - 1651.18; 200 - 1712.22 Lowday: 100 - 1642.78 200 - 1704.18 † Partial

ASIA PACIFIC

Taipei retreats sharply but Seoul at high for year

Tokyo

The decline on Wall Street and the yen's slight advance against the dollar weighed on consumer confidence and the Nikkei average closed easier for the third consecutive session, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 lost 3.72 points at 21,812.50 after moving between 21,694.94 and 21,843.15. Wednesday's decline on Wall Street hit high-technology shares, while domestic and overseas investors took profits on large-capital steels and shipbuilders.

Volume was 536m shares, against 554.9m. The Topix index of all first section stocks fell 4.17 to 1,673.31 and the Nikkei 300 shed 0.96 to 309.51. Declines led advances by 624 to 441, with 158 issues unchanged.

In London the ISE/Nikkei 50 index gained 0.15 at 1,447.38.

Selling on Wall Street triggered by IBM's second-quarter earnings warning also depressed the high-technology sector. Semiconductor stocks came under selling pressure, with Fujitsu down Y20 to Y1,070.

Sony, however, moved ahead Y60 to Y6,660, posting its fourth consecutive gain. Reports of the expansion of its lithium-ion battery business prompted buying. The company holds about 70 per cent of the lithium-ion battery market and the business is seen to have growth potential due to expanding sales of consumer electronics products using digital technology.

Steels and shipbuilders continued to slide on heavy selling by domestic institutions and foreign investors. NKK, the day's most active issue, fell Y12 to Y323 and Nippon Steel lost Y7 to Y372. Mitsubishi Heavy Industries relinquished Y5 at Y936.

Fisheries posted the largest advance. The stocks are regarded as laggards and were bought by individuals and dealers. Nippon Suisan moved forward Y14 to Y493 and Maruha improved Y5 to Y415.

Hopes of a recovery in capital spending encouraged investors to pick up electric wire makers. Fujikura rose Y4 to Y811 and Mitsubishi Cable Industries added Y3 at Y678.

In Osaka, the OSE average dipped 82.52 to 23,263.71 in volume of 456.5m shares.

Roundup

Hectic selling, as profits were taken in the financial sector, left TAIPEI sharply lower with the weighted index down 2.4 per cent or 145.18 to 5,942.80. Turnover was T$105bn.

Financials, which had guided the market recently, lost 4.25 per cent, with China Trust dropping by the daily permitted 7 per cent limit to T$58.

Construction, another sector which had recently soared, slid 3.4 per cent as a group. Goldsun Construction ended 6.5 per cent off at T$23.10.

SEOUL closed at a new high for the year as demand from individual and foreign investors again outweighed institutional selling. The composite index ended 14.49 ahead at 936.89, having picked up from a day's low of 919.98.

News that the central bank would cut reserve requirements by 2 percentage points from next Tuesday boosted sentiment. Interest was focused on blue chips, and especially the electronics giant Samsung Electronics, which rose Won5,800 to its upper limit of Won103,500. LG Electronics climbed Won1,300 to Won24,100.

Brokers said that in the last half-hour of trading, Daehan Trust placed Won20bn worth of buy orders for an on-shore fund.

HONG KONG finished weaker, but well off steep lows reached on Wall Street's plunge. The Hang Seng index closed 53.40 off at 10,909.29, after 10,867.67. In turnover that fell to HK$3.2bn.

Hutchison slipped 30 cents to HK$48, HSBC lost HK$1 to HK$115 and Cheung Kong dipped 75 cents to HK$53.75.

The recently buoyant Hang Seng Bank again managed to buck the downtrend, rising HK$1 to HK$81.75 on brokerage recommendations that cited a revamping of its traditionally conservative image.

QPL, the integrated circuit maker, added 40 cents at HK$7.95 in active trading on renewed earnings optimism, particularly after it bought back 1.45m shares at prices from HK$7.50 to HK$7.55 on Wednesday.

BOMBAY ended with modest gains after a strong bout of profit-taking had pulled the market back from the day's best levels. The BSE-30 index was finally up 18.95 at 3,737.86 after touching 3,782.21. Traders said the sell-off was largely an unwinding of positions at the end of the account period, after the market's 7.1 per cent rise this week.

SYDNEY retreated in moderate volume, pressured by weakness in miners. The All Ordinaries index lost 10.2 to 2,256.6. Turnover amounted to 229.5m shares valued at A$513.9m.

Western Mining, a diversified metal producer, receded 16 cents to A$9.19.

Lend Lease, a property development and financial services concern, declined 23 cents to A$19.35. The company has announced a series of restructuring and acquisition plans during the last two weeks, and the stock had climbed 3.5 per cent over that period.

WELLINGTON fell back on weakness in leading issues, with the market waiting for news of the long-awaited Trust Bank merger.

The NZSE-40 capital index fell 7.34 to 2,147.63. Lion Nathan eased 4 cents to NZ$3.53 after announcing an interim profit of NZ$91.2m, compared to NZ$120.1m for the previous corresponding period.

An announcement on whether Australia's Westpac or British bank Lloyds' local unit National Bank was launching a takeover for Trust Bank was still pending at the close. Trust Bank ended a cent higher at NZ$2.99.

MANILA was pounded by a wave of selling largely triggered by the fall of PLDT in New York overnight. The composite index retreated 28.88 or 1 per cent to 2,958.81. Turnover was 3.6bn pesos.

JAKARTA saw investors take profits following a recent rally and the JSX index edged down 3.19 to 620.97. Volume was 89.6m shares.

Pulp and paper stocks still attracted robust buying on a price rebound and Indorayon rose Rp275 to Rp2,950.

Profits were taken on Telkom, down Rp50 to Rp3,875 on 1.8m shares, and Gudang Garam lost Rp700 to Rp34,000.

One of the day's main gainers was flat glass and ceramic concern Mulia Industrindo, up 6.7 per cent to Rp4,325.

SINGAPORE was lower on profit-taking which left the Straits Times Industrial index 15.93 lower at 2,387.92.

The losers were led by Cycle and Carriage, 50 cents down at S$16, and UOB Foreign, 40 cents weaker at S$13.80.

KUALA LUMPUR's blue chips edged ahead, while demand for second liners was more decisive, sending the Second Board index up 1.6 per cent. The composite index picked up 2.25 to 1,167.28.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FT-SE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FT-SE International and Goldman Sachs in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WED APR 17 1996 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUE APR 16 1996 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (81)	204.60	0.1	201.06	139.86	160.33	173.11	0.2	4.01	204.39	200.90	139.72	160.41	172.67	205.73	182.69	173.56
Austria (25)	183.67	0.2	180.51	123.86	143.93	143.73	0.2	1.94	183.38	180.25	125.37	143.82	143.74	195.93	168.11	183.34
Belgium (33)	209.89	-0.2	206.28	143.60	164.47	160.25	-0.3	4.14	210.24	206.66	143.73	165.00	160.78	213.51	186.05	182.87
Brazil (28)	153.42	-0.1	150.78	104.96	120.22	279.40	-0.2	1.43	153.57	150.96	104.99	120.53	279.85	170.25	112.66	112.86
Canada (99)	160.96	-0.5	158.08	110.05	126.05	157.96	-0.5	2.37	161.59	158.83	110.47	126.82	158.82	161.59	134.14	138.07
Denmark (33)	298.45	-0.3	291.35	202.82	232.31	234.58	-0.4	1.92	297.29	292.22	203.25	233.32	235.59	303.17	264.85	264.85
Finland (24)	178.93	1.5	175.86	122.42	140.22	177.85	1.2	2.79	176.35	173.34	120.56	138.40	175.76	276.11	171.72	188.28
France (97)	193.79	-0.8	190.46	132.58	151.86	193.58	-0.8	3.03	195.28	191.93	133.49	153.24	195.05	196.98	161.70	180.66
Germany (60)	171.58	-0.4	168.63	117.39	134.46	134.46	-0.6	1.85	172.35	169.41	117.83	135.28	135.28	174.85	149.49	151.83
Hong Kong (56)	431.09	-0.4	423.67	294.93	337.81	426.13	-0.4	3.30	432.92	425.54	295.97	339.76	429.85	451.19	332.57	345.00
Ireland (16)	273.76	1.2	269.05	187.30	214.53	247.11	1.1	3.39	270.33	265.77	184.85	212.20	244.51	273.76	220.31	224.32
Italy (59)	75.13	-0.8	73.83	51.40	58.87	88.40	-0.8	2.15	75.77	74.48	51.80	59.46	89.10	82.71	67.22	71.07
Japan (481)	155.50	-0.2	152.83	106.39	121.86	106.39	-0.1	0.79	155.78	153.12	106.50	122.28	106.50	164.82	137.72	159.97
Malaysia (107)	570.73	0.7	560.91	390.47	447.24	548.26	0.6	1.99	567.02	557.35	387.65	445.07	545.85	570.73	425.77	483.43
Mexico (18)	1283.02	1.3	1260.95	877.80	1005.40	10410.78	1.3	1.31	1266.81	1245.22	866.07	994.22	10273.06	1283.02	701.99	667.77
Netherland (19)	290.11	-0.4	285.12	198.48	227.34	223.07	-0.6	3.16	291.34	286.37	199.18	228.65	224.39	291.80	237.16	240.91
New Zealand (15)	82.52	0.6	81.10	56.46	64.66	64.30	0.4	4.25	82.02	80.62	56.07	64.37	64.05	85.43	78.26	82.02
Norway (33)	243.68	-0.2	239.66	166.86	191.11	216.24	0.0	2.49	243.92	239.16	166.35	190.97	215.15	244.15	215.04	219.41
Singapore (44)	448.09	-0.2	440.39	306.57	351.11	281.61	-0.3	1.30	448.15	441.49	307.06	352.50	281.84	482.21	355.81	363.91
South Africa (43)	371.64	0.5	365.25	254.27	291.23	343.60	0.7	2.45	369.91	363.51	252.90	290.32	341.42	437.75	[illegible]	[illegible]
Spain (37)	174.20	0.4	171.21	119.16	136.51	166.80	0.3	3.34	173.46	170.53	118.60	136.15	165.38	175.88	134.79	135.52
Sweden (48)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland (39)	241.15	0.2	237.00	164.98	188.97	185.54	-0.1	1.56	240.55	236.44	164.45	188.78	185.41	252.34	184.11	186.09
Thailand (46)	185.52	-0.4	182.33	126.92	145.38	182.31	-0.3	1.79	186.22	183.08	127.32	146.16	182.94	193.96	134.53	138.76
United Kingdom (203)	232.86	-0.5	228.85	159.31	182.47	228.85	-0.6	4.06	233.93	229.91	159.91	183.57	229.91	233.93	200.42	208.82
USA (627)	261.42	-0.6	256.92	178.85	204.85	261.42	-0.6	2.21	262.99	258.50	179.79	206.40	262.99	268.11	206.41	206.82
Americas (772)	239.05	-0.5	234.94	163.55	187.32	200.86	-0.5	2.20	240.31	236.22	164.29	188.60	201.98	245.54	189.05	189.97
Europe (723)	207.79	-0.3	204.22	142.16	162.83	182.71	-0.4	3.01	208.49	204.94	142.54	163.63	183.51	208.03	180.30	182.33
Nordic (135)	288.74	0.0	283.77	197.54	226.26	252.91	0.0	2.36	288.61	283.69	197.31	226.51	252.95	297.49	233.21	237.38
Pacific Basin (833)	166.98	-0.1	164.07	115.61	132.41	117.98	-0.1	1.14	168.22	168.34	115.69	132.81	118.09	171.87	148.16	157.55
Euro-Pacific (1556)	185.04	-0.2	181.86	126.60	145.00	142.55	-0.2	2.02	185.48	182.31	126.80	145.57	142.62	188.35	163.46	[illegible]
North America (726)	255.16	-0.6	250.77	174.57	199.95	254.43	-0.6	2.22	256.58	252.19	175.40	201.35	255.82	262.25	202.03	202.47
Europe Ex. UK (520)	189.16	-0.3	185.91	129.42	148.23	158.20	-0.4	2.47	189.68	186.45	129.68	148.87	158.89	191.78	161.73	171.61
Pacific Ex. Japan (352)	293.68	0.0	288.63	200.92	230.16	263.81	-0.1	2.92	293.73	288.72	200.81	230.52	263.95	293.73	237.71	243.72
World Ex. US (1749)	186.30	-0.2	183.10	127.46	145.99	146.87	-0.2	2.03	186.70	183.52	127.64	146.53	147.21	186.70	167.38	173.24
World Ex. UK (2170)	206.91	-0.3	203.35	141.56	162.14	174.89	-0.4	1.82	207.60	204.06	141.96	162.92	175.61	208.07	179.92	180.26
World Ex. Japan (1892)	239.18	-0.4	235.07	163.64	187.43	226.68	-0.5	2.54	240.17	236.08	164.20	188.49	227.70	242.39	197.10	197.85
The World Index (2373)	209.23	-0.4	205.63	143.15	163.95	178.85	-0.4	2.11	209.98	206.40	143.55	164.80	180.52	211.22	181.82	188.50

CONSTITUENT CHANGES WITH EFFECT 18/4/96: Deletions: Trafalgar House (UK) and Tubemakers (Australia).

RECRUITMENT

JOBS: The dangers of reducing headcounts without considering pitfalls

Shackles of spreadsheet slavery

Cutting jobs to maintain or increase profitability seems to have become such a routinely accepted practice that those who argue against it risk accusations of soft-headedness or sentimentality.

If the work of six can be done by four and a cheap machine, the successful company must buy the machine and lay off two of its employees. The logic is inescapable to all but the most blinkered flat-earthers, or so the argument goes.

Yet the use of accounting systems that focus on minimising costs and staff comes under attack in a recent book, *Transforming the Bottom Line*, by Tony Hope and his brother Jeremy. Both are accountancy experts: Tony is visiting professor of accounting at Insead, the French business school, and Jeremy is a chartered accountant.

In one example they show how concentrating on eliminating wasted or unnecessary work and costs could bring greater savings than simply cutting headcounts. They make the point that "budget holders who are rewarded on their ability to keep within agreed spending levels have little incentive to ask searching questions concerning the strategic and work-based issues that should underpin the whole process. The net result is a huge wasted opportunity."

Doing more with less is at the heart of many of the human resource policies of the past few years. Theoretically, the savings are instantly translated into increased profitability, but the authors demonstrate how cost-saving employment measures can backfire.

They contrast, for example, the employment approaches of Sears Roebuck and Wal-Mart, two US retailing giants. When profits and sales growth at Sears began to slip during the 1980s, management responded with cost-cutting programmes, including the shedding of 33,000 non-sales jobs with projected savings of between $600m and $700m a year. But overmanning was not at the heart of the company's problems.

Customers complained that poorly trained and uncommitted sales staff could not provide the level of service they had come to expect. The reason for this could be charted back to changes in company employment policies during the 1980s. From a 70/30 mix of full to part-time staff in the 1970s, the ratio had been reversed by the mid 1980s in an effort to minimise staff costs.

The policy proved to be a damaging false economy, leading to higher staff turnover, less training and demotivated and uncommitted employees. In 1989, say the authors, 119,000 jobs changed hands in the Sears Merchandise Group. The $900 estimated cost of recruiting and training each employee equated to $110m in the year.

When Sears surveyed its stores it found that those with the highest staff turnovers had the least satisfied customers. Wal-Mart, in contrast, grew not just because of its clever stock management, but also because it used fewer part-time and temporary employees than any of its competitors. Wal-Mart sales staff benefited from local knowledge and continuity of employment.

Frederick Reichheld, of the Bain consulting group, stresses in his book *The Loyalty Effect* the potentially harmful consequences of allowing accountancy practices relying on measurement to command too much influence over corporate strategy. Most accountancy techniques focus on the more easily measured areas such as the value delivered to investors.

Measuring employee value is more difficult but it is possible and, arguably, of equal importance. The quality of the employee base is a critical driver of competitive advantage, writes Reichheld, yet very few companies monitor such statistics and hardly any include them in their annual reports. When will accountancy begin to treat people as the assets they undoubtedly are?

Transforming the Bottom Line is published in the UK by Nicholas Brealey Publishing, £18. The Loyalty Effect is published in the US by Harvard Business School Press, $24.95.

● The quarterly index of advertised demand for executives compiled by MSL International, the recruitment consultancy, presents a picture of continually rising demand since the middle of 1993. The full picture, however, is not as simple as it looks in the graph featured (right), according to Garry Long, MSL group chairman. It may be masking, to some extent, changing patterns of recruitment and employment.

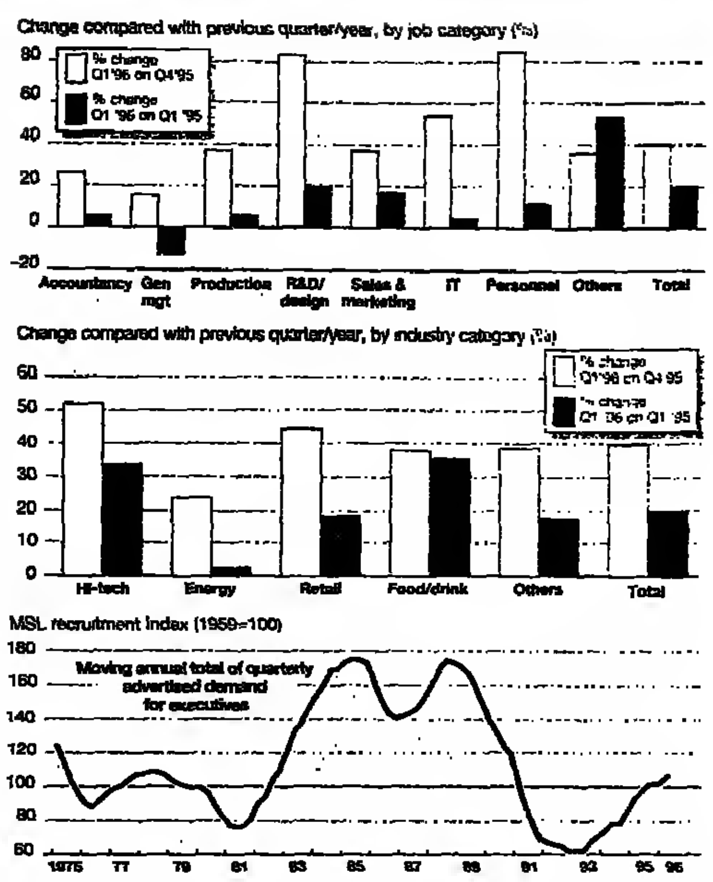
Long points to the greater use by employers of consultants, temporary managers and fixed-term contracts to give them more flexibility in dealing with skill shortages or budgetary constraints, "hence the seeming flood of demand for top people," he says.

While interim management is a big growth area, it cannot account for the whole of the increase in demand. What must also be considered is the expansion of small and medium businesses, many of which are contemplating taking on specialists, such as information technology managers, for the first time.

It would be interesting to know how much of the the new demand covers permanent positions. The whole concept of permanency also seems to be undergoing an overhaul. An employer, unwilling to commit itself to a full-time job may advertise a temporary post, realising as trading conditions improve that there will be a continuing need for the post. In these circumstances, the advantages of flexibility from short-term employment may be eclipsed by the risk of losing a good employee who does not harbour any long-term commitment. Newton's law, which says for every action there is an equal and opposite reaction, should not be ignored.

Richard Donkin

MSL recruitment index



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INTERNAL AUDITOR - FLUENT GERMAN c£40k + BKG BENS + BONUS
A truly international role has arisen within this expanding European bank. Reporting to the Head of Audit in Frankfurt, responsibilities will include the planning of audits, visiting other branches worldwide and leading & developing other members of staff. Exc. interpersonal skills a must.

INTERNATIONAL TECHNICAL SUPPORT - FLUENT FRENCH c£28k + BENS + BONUS
Based in Luxembourg, you will be responsible for the provision of complete end-user support of a PC based financial software pkg developed for DOS and Windows. This will include analysing client requirements, testing new releases & upgrades, installation, training & trouble shooting onsite.

BANK ANALYST - FLUENT SPANISH - c£30k + BKG PKG
A truly exceptional opportunity has arisen within this leading European Bank. Previous analytical experience of Banks/Financial Institutions with strong interpersonal skills a must to secure this challenging yet rewarding career move.

SWAPS ANALYST - FLUENT GERMAN £AAE + BKG BENS
Excellent opening for Graduate with a year's exp. within a trading room environment, pref. in Fixed Income. Working closely with the Swaps Marketing Desk you will be responsible for the German Markets.

CASH MANAGEMENT SUPPORT OFFICER c£25k + BKG BENS

FLUENT GERMAN, FRENCH, DUTCH OR ITALIAN
Int. Bank seek individual to provide technical product support to clients, installing software at customer sites, performing [illegible] to new customers. Customer base covers the UK & continental Europe therefore you must be free to travel.

URGENT... CREDIT ANALYST - FLUENT GERMAN - c£30K + BKG BENS

EURO LONDON APPOINTMENTS
1 Hare Place, 47 Fleet Street, London EC4Y 1BJ
Tel: 0171 583 0180 Fax: 0171 353 9849

Alghanim INDUSTRIES

CAREER OPPORTUNITY IN KUWAIT

General Manager - Financial Services

Alghanim Industries, a leading and dynamic Kuwaiti trading conglomerate, with significant global interests, is seeking to engage a talented professional to lead a wholly-owned subsidiary which has a substantial Consumer and Trade Finance Portfolio.

The group now plans to substantially expand its activities to provide a full range of financial services which have a high potential profitability.

Reporting to the Executive Vice President and Chief Financial Officer, your role will involve defining critical success factors which will enable you to identify, develop and establish profitable new services and ventures. As well as the day to day management of the company, you will also play a major role in assessing the potential of the Kuwait market by comprehensive analysis of economic trends, both internationally and within the Middle East. You will, in addition personally control the consumer and trade credit functions, reviewing the effectiveness of the company's credit policy and ensuring adherence to sound risk management practices.

You will ideally have gained extensive, broad-ranging experience in a financial services environment, covering Portfolio Investment, Leasing, Consumer Finance and Insurance operations. Strong communication and people management skills are important, as is the ability to work under pressure and to tight deadlines.

The position requires a mature individual who is motivated, imaginative and persuasive, with an entrepreneurial approach in order to take advantage of the potential for considerable business growth.

Broad experience of International and Middle East financial service practice and relevant academic qualifications are highly desirable.

You will enjoy an attractive tax free salary and a package which includes excellent performance related bonus, generous housing, life and medical insurance, paid holidays and air fares and transportation allowance.

If you match the requirements for this challenging position, please fax your detailed CV, in confidence to:

Director of Human Resources
Fax No. (00965) 4847244.

SWITZERLAND

THE BANK FOR INTERNATIONAL SETTLEMENTS

an international institution located in Basle
with approximately 470 members of staff from 26 countries

is looking for a

DATA BANK STATISTICIAN

to fill a vacancy in its Monetary and Economic Department

The successful candidate will be involved in specifying quality control techniques and applying them to macro-economic statistics reported by participating institutions to the Bank's data bank. The work will involve regular contact with the data bank users and suppliers in these institutions as well as participation in the development of statistical data base systems. Facilities include mainframe and PC-based systems and telecommunication links with the reporting institutions.

In addition to a university degree with emphasis on economic statistics, statistical methods and economics, the ideal candidate will have previous experience in computer-supported analysis of national or international macro-economic statistics. A good knowledge of English is essential, a working knowledge of German and/or French would be an advantage.

The Bank offers attractive conditions of employment in an international atmosphere and excellent welfare benefits.

Candidates should send their application, together with a recent photograph and references, to the *Personnel Section, Bank for International Settlements, 4002 Basle, Switzerland, quoting Reference No. 96293.*

Japanese Speaking Portfolio Manager

EC4

UK & Continental European Equities

Nikko Capital Management Ltd. (NICAM), the asset management arm of Nikko Securities, has more than £12bn under global management.

A portfolio manager is sought for the UK and European equity elements of Japanese pension funds. Based in London the manager will have regular contact with his or her Japanese counterparts to discuss asset allocation, weighting, performance and other issues.

Applicants should be fluent in Japanese, educated to degree level or equivalent, and have at least 3-5 years' experience in portfolio management, preferably in UK and European stocks. An attractive salary, full banking benefits and a performance related bonus are available to the right candidate.

NIKKO

Please write to David Somers,
Nikko Capital Management
(UK) Ltd, 17 Godliman Street,
London EC4 5BD.

ANALYST AND ASSOCIATE OPPORTUNITIES

European Corporate Finance

Salomon Brothers, a leading financial institution, is looking for Analysts and Associates to join its Central European coverage team in the Corporate Finance department.

As an Analyst, you will have an outstanding degree, preferably with a finance or economic bias.

The Associate position is open either to candidates with an MBA (or equivalent academic qualification) and at least two years' relevant experience.

Complete fluency in English as well as in Polish, Czech or Hungarian is essential.

If you have the necessary skills and experience, please write quoting reference FT/CE, and enclosing a full CV in English to Judith Sweetman, Assistant Manager, Human Resources Group, Salomon Brothers International Limited, Victoria Plaza, 111 Buckingham Palace Road, London SW1W 0SB.

Based London

Competitive + bonus + benefits

Salomon Brothers

GULF INTERNATIONAL BANK BSC

LONDON BRANCH

AREA SUPPORT OFFICER - SOUTHERN EUROPE

GIB is one of the Arab world's most respected international financial institutions. The London Branch, in operation since 1979, has the mission to provide trade finance and other banking services to its strong base of established corporate and financial relationships throughout Europe in support of their business with Arab world.

As a result of continued expansion, BIB now invites applications for a challenging role assisting a senior marketing executive in servicing the bank's clients in Southern Europe. The position, which attracts a comprehensive remuneration package, offers the prospect of significant advancement.

THE POSITION
- Provide support to Area Vice President in managing and servicing client relationships.
- Provide objective analysis of corporate, banking and country risk.
- Participate in business origination, structuring and closing.
- Liaise closely with clients and all other departments of the Bank.

QUALIFICATIONS
- A graduate with 2-3 years banking experience, including formal credit training, gained in a reputable, preferably U.S., financial institution.
- Languages: Italian and French in addition to English.
- Computer literate.
- Resilient, adaptable temperament, composed under pressure and ambitious to develop banking and marketing skills and experience.

Please write, enclosing your CV and stating your current salary, to Ms Heather Moss, Personnel Manager, Gulf International Bank BSC, c/o: P O Box A5330, Financial Times, One Southwark Bridge, London SE1 9HL

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RECRUITMENT INTERNATIONAL

EQUITY SALES

Singapore, Malaysia, Hong Kong & Other Asian Emerging Stock Markets

We are looking for suitable sales persons to work with the Executive Director to service our clients in UK and Europe who are investing in Asian equities. We have a number of positions available as we are expanding our London operation to be in line with our growing presence in the Asian stockmarkets. Our London operation is fully supported by a full range of research products from our offices in Asia. We are a member of the DBS Bank, one of the largest banking groups in Asia.

Requirements for job:
- Responsible & mature person.
- Not less than 2 years' experience in equity sales to UK or European investors.
- Good communication and inter-personal skills.
- Highly motivated and results-oriented person.
- Some working knowledge of Asian stock markets preferred.
- Fluency in English and any European language is an advantage.

We offer attractive remuneration to the right candidate. The successful candidate may be required to spend a short period in our various Asian offices as part of our training programme.

Please send a full resume with a recent photo, current and expected salary, marked confidential on envelope to:

The Executive Director
Mr G L Wee
DBS Securities Ltd
70 Cannon Street
London EC4N 6AE

DBS SECURITIES

South East Asian Equity Sales

London *Attractive Salary and Bonus Package*

▪ Our client is the successful securities arm of a major conglomerate based in the South East Asian region. Utilising quality in-house research from this region, the London operation is well positioned to be active in the distribution of the home country's equities to clients drawn from the UK, Continental Europe and the Middle East.

▪ The London office now seeks to appoint a dynamic, results driven, equity sales person with an established track record of South East Asian equity sales, ideally gained in the UK and Europe.

▪ The successful candidate will be an entrepreneurial, committed self-starter with the ability to develop profitable long-term relationships with institutional clients, and an affinity with the South East Asian region and its markets.

▪ Reporting to the Managing Director, this is an excellent opportunity to become a key member of a small high calibre team at an important stage in the firm's development.

▪ ***Please write outlining your suitability for the position and enclosing a curriculum vitae with current remuneration details to Richard Pooley at Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting ref: RP682. Fax: 0171-931 1022.***

ERNST & YOUNG

The United Kingdom firm of Ernst & Young is a member of Ernst & Young International

Investment Banking – Eastern Europe

Associate Director – London based

Deutsche Morgan Grenfell, the investment banking arm of Deutsche Bank, one of the world's largest AAA-rated financial institutions, operates in over 30 countries. We aim to become the leading European-based investment bank and one of the top investment banks in the world.

Deutsche Morgan Grenfell is an undisputed market leader in emerging markets business including investment banking, equity trading and debt products. The emerging markets investment banking team is organised along geographical lines and includes a team dedicated to Russia and Eastern Europe.

The team advises on privatisations, acquisitions, disposals and equity funding for projects, joint ventures and corporate expansion. The Group has offices throughout the region and enjoys a well established reputation in all its main markets, ensuring excellent deal flow.

The team requires the services of at least one additional Associate Director, who will be based in London and will work on the structuring and execution of a wide variety of transactions. This is an opportunity to join one of the world's leading investment banks in a position which offers every prospect of sustained career progression.

The successful candidate will have two or three years' relevant experience of corporate finance or venture capital, embracing financial analysis, transaction execution and perhaps private equity placement. Earlier experience might have been gained as an accountant, a lawyer or a corporate banker. Prior experience in the region and one of the languages would be helpful but are not essential.

Deutsche Morgan Grenfell offers a competitive salary and full banking benefits, along with outstanding bonus potential for successful practitioners.

Please write, enclosing career details and quoting reference 473/20, to:
Helen Fogg or Nigel Halsey, The Halsey Consulting Partnership, 34 Brook Street, London W1Y 1YA.
Tel: 0171 495 4446

Deutsche Morgan Grenfell

Project Finance

POWERGEN

London **£ Competitive Package**

PowerGen is one of the largest UK power generators. It also has a substantial overseas business with independent power projects in Australia, Asia and Europe. PowerGen has a turnover of over £2.9 billion.

PowerGen is actively expanding its overseas business and as a result needs to strengthen further its Project Finance Team to assist with international project development and funding.

This small highly focused team is involved in all aspects of financing overseas projects from the early stages through to completion. Specific responsibilities include project structuring and provision of advice on, and co-ordination of, the development, arrangement and negotiation of debt facilities on behalf of the Company. PowerGen takes an active role in the structuring and financing of all the projects in which it participates and successful applicants will be expected to act as principals representing PowerGen in key negotiations.

Opportunities exist at Project Finance Manager and Executive level, reflecting the need for individuals with strong analytical ability, first-hand deal negotiation experience and computer modelling expertise. Excellent communication and presentation skills combined with a confident and credible manner will be necessary to handle the many inter-relationships at senior level both internal and external to the organisation.

Existing experience within a Project Finance, Structured Finance or Corporate Finance environment gained from a banking or corporate background would be particularly relevant.

Although London based, a significant proportion of time will be spent travelling to overseas locations, often at short notice. Successful candidates can expect to be offered opportunities for overseas postings in Asia (including India), Europe and the Americas after experience has been acquired in the London office. Candidates interested in working overseas are encouraged to apply.

Individuals who feel they have the skills and experience to rise to the challenge of these roles should send their CV to Tim Smith at Michael Page City, 39-41 Parker Street, London WC2B 5LH. Fax: 0171 405 9649. Tel: 0171 831 2000. Please quote ref 283412.

Michael Page City
International Recruitment Consultants
London Paris Frankfurt Hong Kong Sydney

The EIB, the financing institution of the European Union, is currently seeking for the "Liquidity Management (Portfolio)" Unit in its Treasury Department in Luxembourg a:

Bond Portfolio Manager (m/f)

BEI / EIB

European Investment Bank

A career in the heart of Europe

The EIB's Treasury manages the equivalent of around ECU 8 billion in 18 to 20 different currencies. It invests principally in first-class bond and money-market instruments. Its main goals are to safeguard shareholders' capital and the proceeds of borrowing operations prior to their deployment, to generate adequate reserves and to optimise, subject to strict constraints, income from investment of liquid resources.

Duties: he/she will: • assist the Head of Unit in preparing general strategy proposals in all areas of bond investment in various currencies; • monitor certain capital markets; manage the Bank's operational, investment and hedging portfolios, as assigned; • conclude purchase and sale transactions for various types of financial instrument; • examine the feasibility and cost of hedging operations for the account of the Banks's clients; • maintain ongoing contacts with the financial markets.

Qualifications: • University degree with specialisation in financial studies; • minimum of 3 to 5 years' professional experience of bond portfolio and derivatives management; • sound background in both the mathematics of financial instruments and the use of advanced IT applications; • skilled financial analyst and succinct report-writer able to formulate clear recommendations; • creative approach and capacity to solve problems rapidly; • ability to work under pressure within a dealing room team.

Languages: very good command of either English or French and sound grasp of the other. Knowledge of a third Community language would be an advantage.

The Bank offers attractive terms of employment and salary with a wide range of welfare benefits.
It is committed to a policy of equal opportunities and applications from women would be particularly welcome.

Applicants, who must be nationals of a Member Country of the European Union, are invited to send their curriculum vitae together with a supporting letter and photograph, quoting the appropriate reference, to:

EUROPEAN INVESTMENT BANK
Recruitment Division (Ref.: FI 9603)
L-2950 LUXEMBOURG. Fax: +352 4379 2545.

Applications will be treated in the strictest confidence and will not be returned.

Michael Page, gruppo Britannico quotato alla borsa di Londra, leader in Europa (Inghilterra, Olanda, Francia, Germania) e presente in Australia e Hong-Kong, apre i suoi uffici in Italia. Giovani con una formazione finanziaria diventate

Consulenti

presso

Michael Page in Italia

Milano

Avete un'età di 27/30 anni circa, siete diplomati e/o laureati e con almeno tre anni di esperienza in un'impresa con funzioni finanziarie o in una società di revisione contabile.

Venite a lavorare per una gruppo dinamico dove, dopo un periodo di formazione a Parigi, parteciperete allo sviluppo della Michael Page in Italia.

Per riuscire e per crescere all'interno della nostra organizzazione, dovrete convincerci delle vostre attitudini commerciali, della vostra facilità nelle relazioni personali e tenacia.

Dovendo operare in un contesto internazionale, è necessaria una buona conoscenza della lingua inglese.

La conoscenza del francese costituisce un titolo preferenziale.

Pregasi inviare una lettera manoscritta, curriculum vitae, foto, numero telefonico e la remunerazione attuale a Christophe Duchatellier, Michael Page International, 3 boulevard Bineau, 92594 Levallois-Perret Cedex, Référenza: CD333.

Michael Page International
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Hong Kong Sydney

Chief Executive Officer
African Corporate Banking

A unique new corporate bank, specialising in cross-border trade throughout Central and Eastern Africa, is seeking to appoint a Chief Executive Officer.

This new venture, backed by European funding, will be based in Lusaka, Zambia, and will operate as a fully integrated licensed bank offering corporate and merchant banking services including asset management, corporate finance advice and services, collateralised lending services, credit risk control, trade financing, venture capital and treasury services.

The ideal candidate for the position must demonstrate suitable banking experience, and have a sound working knowledge of the region - including the multi-cultural social environment. The candidate must also be able to demonstrate the ability to build a business in such a rapidly developing financial environment.

Remuneration is negotiable, but will be based on international banking standards, and will include equity options and other performance related incentives.

Applications should be submitted in writing, including full CV and recent photograph, to the bank's UK agents:

Gavin Anderson & Company
New Liverpool House, 15-17 Eldon Street, London EC2M 7LA.
for the attention of Gerald Gradwell

Corporate Finance Executive
Specialist team – South Africa

London **Competitive salary + benefits**

As one of the leading merchant banks advising UK and international groups on a full range of corporate finance transactions, we have an enviable reputation for the quality of our advice. We are now seeking an exceptional individual to join a specialist team, based in London, focussing on opportunities in South Africa, where we already have an outstanding track record and a very successful local office involved in corporate, project and venture capital finance.

Your key responsibilities will include generating and researching original ideas for clients in the UK and South Africa, using analytical and commercial skills to develop and present these. You will also provide support to our transaction execution teams.

Opportunities for career development within corporate finance in London and South Africa are excellent.

The successful applicant will be numerate, educated to graduate/MBA level or with a professional qualification in accountancy and will have three to four years' experience in finance or consultancy, ideally including exposure to corporate finance transactions. Your knowledge of the South African marketplace will be thorough, your financial/analytical, interpersonal and presentation skills will be excellent and you will be able to demonstrate an awareness of commercial issues.

To apply, please write enclosing a CV and details of your current remuneration package, to:
Mrs. C. M. Lambert, Assistant Director, Hambros Bank Limited, 41 Tower Hill, London EC3N 4HA. Tel: 0171-480 5000.

HAMBROS BANK

FT FINANCIAL TIMES

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The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world.

For information on rates and further details please telephone:
Toby Finden-Crofts on

FIXED INCOME RESEARCH

Credit Analysts **to £50,000**

Opportunity for experienced credit analyst to take on a high profile role within the fixed income division of a major bank. Candidates should have exceptional credit skills with the desire, confidence and mental rigour to take on a front-line role working closely with trading and sales staff. Ideally you will have a minimum of three years credit experience with a major bank or rating agency, a keen interest in financial markets and, most importantly, the ability to present your research effectively. Language skills would be an advantage.

Bond Market Analysts **to £80,000**

Major European investment bank wants to recruit additional bond market analysts to join its highly respected Fixed Income Research Team. At least three years experience of European bond market analysis is essential, particularly in Italian or Scandinavian markets. You will have a quantitative approach to research and the ability to recommend specific trades and strategies to sales staff, in house proprietary desks and clients. Fluency in a second European language would be a distinct advantage. This is an excellent opportunity for analysts wishing to increase their profile with a first class institution.

Call Tony Sheppeard.

AUSTEN SMYTHE SEARCH and SELECTION
127 Cheapside, London EC2V 6DH
Tel: 0171 600 2862 Fax: 0171 726 4290

ARCO Chemical

Treasury Analyst

Berkshire — **up to £38,000 + Car + Excellent Bens**

ARCO Chemical is one of the world's leading chemical companies supplying raw materials to a wide variety of industries, ranging from pharmaceuticals and cosmetics to the petro-chemical industry. The company has achieved exceptional financial results in 1995 turning over $4,282 million with operating profits of $1,180 million. This success is due to increased growth in sales around the world, an increasing mix of value-added products and continuing attention to the management of costs.

As a result of this growth, a Treasury Analyst is sought to manage the cash position throughout Europe. The successful candidate will provide multi-currency cash flow forecasts for the main European entities, manage the company's foreign exchange exposures and make short and long-term financing decisions. This will involve extensive interaction with the regional controllers on business trends and sales/purchase forecasts and the corporate finance groups on forecasted cash levels.

Suitable candidates will have a comprehensive understanding of how a treasury function works and the commercial impact it has on the company's performance. It is likely you will be an MBA in a banking/treasury environment or a qualified accountant with strong planning/forecasting skills. You will possess excellent communication skills with the ability to influence and initiate change as the role will undoubtedly develop. Strong analytical skills are essential together with the ability to work independently as well as operate as a team player. Computer literacy is a pre-requisite and a European language desirable though not essential.

Interested candidates should contact Frances McCutcheon or Dan Chavasse at Michael Page Finance, 40-42 High Street, Maidenhead, Berkshire SL6 1QE, quoting reference number 285239.

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MIC

ASIA

CHIEF FINANCIAL OFFICER (M/F)

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Millicom International Cellular S.A. (MIC) is a leading operator of cellular telephone services worldwide. Through joint ventures MIC currently holds 29 licenses to operate cellular networks in 20 countries with a combined population of 410 million people. In addition, MIC is pursuing new licenses in a number of countries. The majority of MIC's operations are in emerging markets. The company is experiencing very significant growth, with its subscriber base currently growing at 100% per annum. MIC is publicly listed, with its shares traded on NASDAQ, and has an approximate market value of US $ 2 billion.

THE POSITION

- As the joint venture's number 2 executive, assist the General Manager in day-to-day management.
- Supervise all accounting, financial control and financial reporting to headquarters.
- Manage both long and short term treasury activities.
- Responsible for billing and collecting.
- Liaise with local partner, external professional services and governmental entities.

THE QUALIFICATIONS

- Experience in a similar role in a fast-moving commercial environment.
- Experience in Asia is a must.
- Age 30-45. Proven track record in leading teams.
- Excellent communication and negotiation skills. Dynamic, entrepreneurial personality with a good sense of diplomacy.

Please send full CV in strict confidence to:

Mrs. Viveca Van Bladel
Millicom International Cellular S.A. - 75, Route de Longwy - L-8080 Bertrange - LUXEMBOURG

Head of Card Services

MAJOR LOCAL BANK DUBAI, U.A.E — **TO £45K + BENEFITS TAX FREE**

Our client, a well established and respected provider of banking and card services, is planning significant investment to reinforce its competitive advantage.

They are now seeking a key individual to lead the Card Services function, to direct the planning and development of card products and services, and to take overall responsibility for the card operations, systems, and supplier management.

Reporting to the Chief Operating Officer you will review the Bank's existing capability and provide recommendations to maintain a pre-eminent position in this fast growing market.

The Bank is an issuer of own-and co-branded VISA and Mastercards, and has an extensive Merchant Acquisition network. Stored value and Smart cards are envisaged as future developments.

Candidates for this challenging role must have successfully introduced new card products, and be able to specify the I.S.&T. requirements. You may also have directly managed POS and network services.

Previous experience in a multi-cultural environment is preferred.

Extensive benefits will supplement the salary and allowances for this position, which is offered on an accompanied basis for an initial three year term. Dubai is one of the most pleasant coastal locations in the Southern Gulf, and has a large expatriate community.

Initial interviews will be held in the U.K.

Closing date 26 April

To be considered, please write a letter of application, enclosing your CV and recent salary history, to Sarah Beevers, Hoskyns Consulting, 130 Shaftesbury Avenue, London W1V 8HH.

HOSKYNS
CAP GEMINI SOGETI

PRIMEAST SECURITIES (HK) LIMITED

Career Opportunities in Hong Kong

Equity Sales Positions
(Assistant Director/Senior Sales Manager)

PrimeEast Securities, a young and expanding regional stockbrokerage with a base of operations in Hong Kong and offices in all Asian capital cities, is looking for research oriented sales staff qualified to sell Hong Kong and South Asia equities.

Candidates must have:-

- A personable character and be a team player;
- Self-drive, discipline and diligence;
- At least 3 years of sales experience to European clients in any of the above equity markets. This is an important requirement and candidates without the required experience should not apply.

Please write in confidence to:

Director of Institutional Sales
Room 1211 New World Tower 1
18 Queen's Road Central, Hong Kong
or fax to: (852) 2525 8186

Only shortlisted candidates will be informed to attend an interview in London in May 1996. Successful candidates will be given a housing allowance. Please enclose a non-returnable photograph with your application

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Corporate Finance

Aerospace Specialist

(Airlines and Airports)

NatWest Markets is a leading European investment bank with significant presence in North America and the Far East. Our activities include corporate finance, securities trading, asset management, treasury and corporate banking.

NatWest Markets' Corporate Finance business provides advice internationally to corporate clients and governments on acquisitions, disposals, flotations, financial restructurings, privatisations and on other strategic and financial matters. It draws upon the considerable financial strength, industry expertise, research excellence and market knowledge of NatWest Markets worldwide.

We are now seeking a talented Manager who will specialise in the aerospace sector, one in which we have an excellent track record across the firm. This role presents an outstanding opportunity both for personal career progression and to contribute to the development and growth of our aerospace business.

We are interested in candidates with in-depth knowledge of the aerospace sector, ideally aged 25-30, exhibiting one of the following backgrounds:

- corporate financier (ACA/MBA/lawyer/graduate), with several years' transaction experience, or equally
- strategy/management consultant from a leading consulting firm with experience of privatisation and restructuring assignments.

Applicants should exhibit strong interpersonal skills, academic excellence, commercial acumen and an entrepreneurial spirit. The successful individual will be rewarded by a competitive remuneration package, reflecting experience and contribution to the business.

Applicants should contact our retained advisers, Guy Townsend or Brian Hamill of Walker Hamill Executive Selection, in strict confidence, on 0171 839 4444. Alternatively, please forward a brief resumé to their offices at 103-105 Jermyn Street, St James's, London SW1Y 6EE (Fax: 0171 839 5857), quoting reference GT 2461. All direct responses will be forwarded to Walker Hamill.

NWM
NATWEST MARKETS

Appointments Advertising

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For information on advertising in this section please call

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Montrusco Associates Inc.

As a consequence of continuing growth in the number of our international management mandates, we are expanding our research and investment capabilities by the appointment of a:

FUND MANAGER

UK EQUITIES

Permanent position
Montréal, Canada

Salary + Bonus + Benefits

Montrusco Associates Inc. is a leading investment counselling firm with offices in several Canadian cities. The firm manages over six billion dollars of assets for corporations and high net worth individuals. Its head office is located in Montréal, a first class financial center.

Reporting directly to the Executive Vice President, the Fund Manager shall be responsible for setting up and managing an in-house UK equity portfolio and shall also participate in the global asset allocation of international equities.

The successful candidate shall possess a university degree, preferably in Finance, with a minimum of five years experience in UK equities, two of which as a fund manager. This person should have been associated with a team of professional global investors. A working knowledge of French would be an asset.

In addition to the basic salary, competitive benefits are offered as well as a bonus program based on portfolio performance. Travelling expenses during the selection process as well as certain relocation expenses upon hiring shall be paid by Montrusco Associates Inc.

Applicants interested in taking up this challenge should forward their CV in confidence to:

Mr. Michel Bastien
Montrusco Associates Inc.
1501 McGill College Avenue
Suite 2800
Montréal (Québec) Canada
H3A 3N3

Senior US Government Bond Trader

Our client, the investment banking arm of a major international Bank is seeking an experienced US Government Bond Trader.

Responsibilities will include market making, marketing to European and Asian accounts from London, trading US risk positions during European time frame and an ability to liaise closely with group companies in Europe and Asia.

Candidates will have at least 10 years experience in US fixed income markets with a broad knowledge of the US Treasury cash, futures and options markets as well as knowledge of Government Sponsored Enterprises and Money Market products. Far Eastern work experience as well as a knowledge of Chinese and/or Japanese would be advantageous.

The Salary and benefits will be highly competitive and consistent with current market practice.

To apply please send your CV in strictest confidence to Ray Turnbull, Partner.

[illegible]

CJA RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 0171-588 3588 or 0171-588 3576
Fax No. 0171-256 8501

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PARIS — Competitive Salary + benefits

LEADING INTERNATIONAL FRENCH OWNED STOCKBROKING FIRM

Our client is a leading French owned stockbroking firm concentrating on European and UK stockbroking. A vacancy exists in the Paris Office for a bright, ambitious young person whose role will be to assist the dealers and sales traders, as well as providing liaison between the front and back offices in the London and Paris offices. The ideal candidate will be educated to degree level and will be fluent in both French and English, be highly numerate, have a pro-active approach and be an excellent communicator. The ability to speak Italian would be desirable, as would an SFA qualification. **Please send your CV in strict confidence, with a covering letter explaining why you are suitable for this position, and listing any companies to which your CV should not be sent, under reference DDA5483/FT to the Security Manager, CJRA.**

GREIG MIDDLETON

GM

Qualified Assistant

Qualified Assistant capable of using initiative and taking responsibility sought by our Private Clients department in London. This role offers a good opportunity for career development. Only those who have been fully registered with the SFA or other appropriate regulator for a minimum of three years, are likely to prove suitable. Please write in the first instance with full career details to Frances Atkins:

Greig Middleton & Co Limited
66 Wilson Street
London EC2A 2BL

Member Firm of the London Stock Exchange
Regulated by the Securities and Futures Authority

صكنا من الاصل

IT MANAGER

CITY

The Northern Trust Company is a leading Global Custodian. Our reputation has been built upon commitment to providing outstanding customer service, recruiting and developing high calibre individuals and investing in the technology essential to remaining at the forefront of this competitive industry. We are now seeking to hire a manager to lead our Business Systems Division in the UK.

The successful candidate will have responsibility for co-ordinating and overseeing multiple application systems and will provide the appropriate support for information systems in the London Branch. They will also be responsible for defining the systems requirements of the London office and will work closely with development professionals in head office to manage implementations. Additionally, they will manage the activities of the network management team.

Whilst it is desirable that candidates should have an IT background, this is secondary to strong project management skills and the ability to work with and influence business and systems professionals throughout the organisation. The successful candidate may have a business systems background or be a business manager with a strong technical orientation. A proven track record of developing technological solutions to meet business needs and experience of custody or securities markets in general is essential.

In return, the organisation will offer a competitive compensation package and excellent career opportunities.

Please write with your CV to: Nuala Hadden, Human Resources Department, The Northern Trust Company, 155 Bishopsgate, London EC2M 3XS.

THE NORTHERN TRUST COMPANY

British European Marketing Limited is seeking a Marketing Department Manager to develop its oil and oil products trading activities in East European countries. Candidates should have the following profile:

- proven marketing experience in oil and oil products;
- be self-motivated;
- managerial ability to lead and develop the marketing team;
- be currently in a managerial position;
- fluency in English, Russian and Hungarian;
- 26 to 34 years old

Fax your CV to
British European Marketing Limited c/o Adrian Churchward, Fourth Floor, 128/129 Minories, London EC3N 1PB Tel: 0171 481 4718

SENIOR FIXED SALESMAN

seeking a challenging position in Europe, Singapore, NY, Toronto, working for six years in German private banks, marketing of global fixed income products incl. derivatives to top client bases.

Please write to: P O Box A5333, Financial Times, One Southwark Bridge, London SE1 9HL

Florida Tour Coordinators

Workshop & Interview Held In London on May 2nd & 3rd
Call 0171-493-1200

APPOINTMENTS WANTED

China - General Manager

34, German, seeking position as general manager of industrial company in China. 5 years China experience and excellent language skills (German, English, French, Mandarin). Earlier professional fields: banking, management consulting, cement industry. Special China-related strengths in management and marketing strategy. Phone ++41-89-4087583 or e-mail 101676,154@compuserve.com.

Career Opportunities in Bermuda

We offer the successful applicant a tax free environment in one of the most beautiful resort areas in the world. Salary is payable in Bermuda Dollars at par with the US Dollar. Full hospital and medical insurance benefits and moving allowance.

Senior Analysts; Senior Programmers; Programmer/Analysts; Network and Technical Support Analysts

Information Systems

If you are a qualified Systems professional with an undergraduate degree and between 3-5 years related experience, then contact us if you wish to work for or contract your services to the Bank's Information Systems Department.

Terms: Six months to three years, depending upon the type of project.

Successful applicants will offer knowledge and experience in financial systems such as:

- Wholesale Banking, including Foreign Exchange, Money Market and Capital Market products.
- Retail Banking, including Credit and Mortgages, Savings and Current accounts.
- EFTPOS, ATM and Cash Management Systems.
- International Trust, including Global Custody, Investment Management and Unit Trust Administration.
- Corporate Services, including Share Registration, Accounting and Mutual Fund Administration.

For technical positions, knowledge of the following equipment and software is essential:

- Novell Token Ring LANs (Netware V3.11, 4.4, SAA, IPX/SPX, TCP/IP, SNA, FDDI).
- IBM Mainframes ES9000, AS/400, RS6000 (VTAM, VSAM, DOS, VM/VSE, OS/400, AIX, PC/3270, PC Support, TCP/IP).
- Micro Computers and Microsoft Software (Excel, Word, Access, PowerPoint, Visual-Basic).

Qualified applicants should fax their résumés in complete confidence to Mr. Greg Melnyk, Manager, Personnel, The Bank of N.T. Butterfield & Son Ltd.: (809) 292-2073 before closing date April 26th, 1996.

Bank of Butterfield

FIXED INCOME RESEARCH

Credit Analysts **to £50,000**

Opportunity for experienced credit analyst to take on a high profile role within the fixed income division of a major bank. Candidates should have exceptional credit skills with the desire, confidence and mental rigour to take on a front-line role working closely with trading and sales staff. Ideally you will have a minimum of three years credit experience with a major bank or rating agency, a keen interest in financial markets and, most importantly, the ability to present your research effectively. Language skills would be an advantage.

Bond Market Analysts **to £80,000**

Major European investment bank wants to recruit additional bond market analysts to join its highly respected Fixed Income Research Team. At least three years experience of European bond market analysis is essential, particularly in Italian or Scandinavian markets. You will have a quantitative approach to research and the ability to recommend specific trades and strategies to sales staff, in house proprietary desks and clients. Fluency in a second European language would be a distinct advantage. This is an excellent opportunity for analysts wishing to increase their profile with a first class institution.

Call Tony Sheppeard.

AUSTEN SMYTHE SEARCH and SELECTION
127 Cheapside, London EC2V 6DH
Tel: 0171 600 2862 Fax: 0171 726 4290

COMPLIANCE OFFICER

Excellent Salary & Benefits

Smith Barney is a global securities firm providing diversified brokerage, investment banking and asset management services and is a wholly owned subsidiary of the Travelers Group.

We are seeking an experienced manager with the ability to fulfil a broad range of responsibilities across all aspects of compliance; from routine enquiries and training through practical conduct of business and monitoring regimes to policy interpretation.

The successful candidate will have at least 5 years' experience in all aspects of UK regulatory compliance within a broadscape firm, and an in-depth knowledge of the SFA and IMRO rules and their practical application.

You will be able to demonstrate a thorough understanding of financial products and a career path with progressive levels of responsibility.

This role will suit an individual who is self-motivated, decisive, disciplined and organised. You will have excellent communication skills, both written and oral, and be extremely computer literate.

Please send your application, including a detailed biography and compensation requirements to

Personnel, Ref: Compliance,
Smith Barney Europe, Ltd., 10 Piccadilly, London, W1V 0LH.

SMITH BARNEY

All applications will be maintained in strictest confidence.

No Agencies please.

A Member of TravelersGroup

ACCOUNTANCY APPOINTMENTS

Business Analyst today, Commercial Manager tomorrow...

OPPORTUNITIES FOR ACCELERATED CAREER DEVELOPMENT WITH A WORLD LEADING ENERGY COMPANY

Energy markets around the world are changing. Privatisation and liberalisation are opening new doors of opportunity.

Enron's vision is to become the world's leading energy company by creating a broad range of energy services in both the physical and financial markets.

Few environments can offer scope, challenge and career development opportunity on this scale.

Key elements for success will be your ability to adapt in a rapidly changing environment, to explore new ways of doing business and to challenge the status quo.

Enron Capital and Trade Resources (ECT) is a subsidiary of Enron Corp., one of the largest Integrated natural gas companies in the world with an asset base of $13 billion and annual growth in earnings of 15% since 1990. The company continues to pursue a programme of dynamic expansion.

ECT creates integrated energy solutions for its customers worldwide. The company is at the forefront of the development, construction and commercial management of power generation, natural gas transportation and gas processing projects.

Recognised throughout the industry as a leader in optimising emerging business opportunities by providing predictable pricing, reliable supply, asset optimisation and access to low cost capital. ECT, as Enron's merchant division, enters into joint ventures and partnerships, trades commodities and financial investments, and offers customised risk management products to it's customers.

As a result of its rapid and continuing growth, ECT is seeking candidates for its Analyst Programme. The Programme is rotational and provides cross-functional exposure to such areas as capital raising, lending, project finance, project development, commodity/financial trading, risk management and energy marketing.

Your prime role will be to contribute analytical problem solving support within highly focused commercial teams, with the aim of expanding the Company's business throughout the U.K. and Europe.

These are high profile positions which offer professional challenge, exposure to international operations and the opportunity to develop financial and commercial acumen. Those successful in the Programme will go on to be Enron's Senior Commercial Managers of the future.

To be an eligible candidate, you will need to be a highly motivated self-starter with a good first degree, possibly a post graduate qualification and/or be "Big Six" trained. You must have proven analytical skills and some 2-5 years' commercial experience ideally gained in investment banking, consultancy, financial services or the accountancy profession. Candidates from the electricity or gas utilities who have worked on large scale multi-faceted energy related projects will also be of interest. Strong spreadsheet analysis and financial modelling experience is required and a knowledge of finance and accounting, credit or tax issues would be beneficial. A European language; Spanish, Russian, German or one from the Nordic Region would be an added advantage.

Enron offers an attractive salary, bonus and benefits package, including share ownership plans. There are substantial opportunities for career advancement.

Interested candidates should send a full CV, including current salary details and quoting ref: MD4813, to David Lloyd, Macmillan Davies, Salisbury House, Bluecoats, Hertford SG14 1PU. Tel: 01992 552552. Fax: 01992 505301.

ENRON CAPITAL & TRADE RESOURCES

Central London

BIRMINGHAM • BRISTOL • HERTFORD • LEEDS • LONDON • MANCHESTER

Macmillan Davies

Financial Planning Manager

Airline Industry — Gatwick — c.£37,500 + Car + Benefits

Our client is one of the UK's largest and most established international airlines and operates from bases throughout the UK. Having enjoyed outstanding growth in recent years the ambitious management team continues to focus on profit expansion through new opportunities and greater efficiency.

The airline now seeks to appoint a key individual who will be central to the further development of the Airline. Reporting to the Finance Director and managing a team of 12, the successful candidate will be responsible for the provision of critical information necessary to help reach the company's strategic aim. Specific aspects of the role will include:

- The development of a financial planning model as part of the strategic planning team
- The evaluation of the profitability of new business opportunities
- Accurate and timely forecasting, planning and budgeting
- Close scrutiny of profit and performance relationships and optimisation of margin levels
- The study of long and short term pricing strategies
- Systems development
- Provision of close support, through liaison with the various commercial teams

The suitable candidate will probably be aged 27-35 years; a qualified accountant with a minimum of three years post qualification experience. Technical, analytical and communication skills of exceptional quality are essential, together with a high degree of commercial awareness gained within a financially sensitive environment. Applicants will have the ability to manage a high calibre team whilst still being prepared to work 'hands on'.

Interested applicants should write, in the strictest confidence to Robert Walker or David Craig at Walker Hamill Executive Selection, forwarding a brief résumé quoting Ref: RW 2455.

WALKER HAMILL

GOLDEN WONDER

Financial Controller

Market Harborough, Leics — **to £45,000 + Package & Car**

Golden Wonder is a leading manufacturer of savoury foods, numbering many well-known brands amongst a high profile product portfolio. The company, recently the subject of a management buyout, is currently developing ambitious and far reaching plans in order to generate further growth in market share and profit. The strategy will place particular emphasis on aggressive product marketing allied to tight financial and operational control.

In order to meet these objectives, the company is seeking to appoint an ambitious Financial Controller with strong technical and interpersonal skills. Reporting to the Financial Director and assisted by 20 staff, responsibility will encompass all aspects of financial management, which will include statutory accounts, systems development and all tax and treasury matters. The Financial Controller will make a significant contribution to the overall process of change in the business; a central part of the remit will be to undertake an in-depth and critical review of all procedures and controls deployed at head office and operating units, effecting improvements where necessary.

Prospective candidates are likely to be graduate/chartered accountants aged 28 - 36, with around three years post-qualifying experience in industry and commerce, preferably in the FMCG or manufacturing sectors. Candidates must demonstrate strong organisational and leadership skills in addition to energy and commitment and are likely to be attracted by the prospect of significant line management responsibility in an exciting and rapidly expanding business.

Interested candidates should apply in writing, quoting reference 283490 and enclosing a full curriculum vitae (including a daytime telephone number and details of present remuneration) to
William Greenwell, Michael Page Finance, Executive Division, The Citadel, 190 Corporation Street, Birmingham B4 6QD.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds Maidenhead Manchester Nottingham St Albans & Worldwide

FINANCIAL CONTROLLER

Diverse Engineering Components

East Anglia

Up To £45,000, Car

Our client is a significant operating company, within a major multi-national, whose products enjoy a strong market reputation in the UK and throughout Europe. To support future profitable growth, this challenging role has arisen.

Reporting to the European Divisional Managing Director and heading a team of 10 staff, you will impact directly through:

- The management and development of a strong finance team.
- An ability to analyse results, as well as financial implications of proposed plans, and utilise these to influence senior management.
- Assisting the European Divisional Managing Director in driving the business forward, particularly in Europe.
- All aspects of budgeting and forecasting as well as accounts preparation.

In order to perform and develop the above role and thereafter progress within the wider Group, you will be a Qualified Accountant with at least five years' experience in a manufacturing environment. Your technical expertise including strong costing knowledge is taken as read. Commercial acumen, problem solving skills and an ability to utilise financial analysis to impact positively on both the immediate bottom-line as well as future development are vital. Likewise you must be an influential team player, credible to other management team members, as well as a strong leader.

Interested candidates should write with full CV, quoting current rewards package, to Karen Wilson or Simon Musgrave, Hoggett Bowers, 7-9 Bream's Buildings, Chancery Lane, London EC4A 1DY, Tel: 0171 430 9000, Fax: 0171 405 5995 quoting ref: HKW/2518/FT.

Hoggett Bowers
EXECUTIVE SEARCH & SELECTION

THE PSD GROUP

Group Chief Accountant

Major Plc

c.£45,000 + Benefits **London**

Outstanding opportunity for talented finance professional to drive continuous improvement of group accounting for expanding international business.

THE COMPANY

- Dynamic, acquisitive and profitable plc. International distributor in construction sector. Turnover £1.2bn.
- Expanding international business. Clear plans for growth in core markets.
- Strong management team committed to programme of change and improvement. Provides excellent platform for career progression within the Group.

THE POSITION

- Take responsibility for financial reporting and accounting standards across all UK and international subsidiaries. Provide analysis and commentary for board/senior management.
- Provide analytical and advisory input at senior level across all areas of the business. Report to Group FD.
- Manage relationship with Group's auditors, including fee negotiation. Involvement in Group tax, treasury and financing issues as senior member of finance team.

QUALIFICATIONS

- Graduate ACA, ideally "Big Six", with 5 years' PQE. Strong technical financial accountant, probably experienced to Audit Manager level.
- Experience in handling accounting issues at Group level for major PLCs. Excellent audit liaison skills.
- Strong commercial instinct. Outstanding communicator, able to interact at board level. Ambitious, enthusiastic and energetic.

Please send full cv, stating salary, ref LD60401, to NBS, Yorkshire House, Greek Street, Leeds LS1 5SX

N B SELECTION LTD
a BNB Resources plc company

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Manchester • Slough • Madrid • Paris

CAT

FD for Flotation

Cambs **From £70k + equity**

This is an opportunity for a self-motivated ACA to take an established bio-pharmaceutical company through to flotation within 12 months. Established in 1989, Cambridge Antibody Technology Ltd (CAT) is the acknowledged world leader in its field. CAT's proprietary, patent protected technology facilitates the generation of human monoclonal antibodies designed to mimic the human immune system. The company now seeks to significantly expand its operation and will achieve a listing as the next step in becoming one of the UK's top valued bio-pharmaceutical organisations.

Candidates, aged 30-40, should hold a senior corporate finance position in the UK/Europe or US within a top ranking accountancy practice, investment bank or biotechnology company. Direct experience of pharmaceutical/biotech deals is desirable. Proven ability to manage the listing process to successful completion is important. Personal drive, commitment and aptitude for hard work are essential.

Cash salary is not a limiting factor for the right individual however it is the equity participation through share options and the opportunity to influence the development of a growth company at board level within a listed plc that differentiate this role.

Please send CV and full salary details to Liz Acker. Closing date for applications Monday 29th April 1996.

Phoenix Search & Selection, Milton Hall, Milton, Cambridge, CB4 6AB
Tel: 01223-441661 Fax: 01223-440851

Phoenix

Six Figure Package *Major Global Investment Bank* *London*

Vice President - Business Controls Advisor

New senior role to join a high calibre multi-disciplinary team within this market leader. New leadership has sharply redirected the traditional European internal audit function from process and control to progressive, commercial business liaison. The team has made a substantial contribution to the effectiveness of business units through its unique, integrated approach. It has achieved a high profile advisory role with strong demand from senior line managers and has provided an impressive platform for promotion into operational roles.

THE ROLE

- Responsible to the Director of Audit for managing multi-disciplinary reviews to provide risk analysis and commercial direction through the implementation of business level controls.
- Establishing effective relationships with the heads of the principal business groups. Managing the delivery of high quality, value added, proactive audits and reviews.
- Key role in developing audit strategy to bring about effective change within the firm. Training and developing staff for effectiveness and succession planning.

THE QUALIFICATIONS

- Bright, decisive and ambitious. First rate financial and business analyst with experience of financial services gained in one or more of the following: the accountancy profession, a progressive internal audit group, risk management or product management.
- Commercially aware with a well-developed understanding of risk-based audit and business control in a fast-paced operation. Natural leader with communication and networking skills to influence at senior levels.
- Team player with the initiative to develop and support rather than constrain. Quick thinking and responsive with a persuasive and resilient personality.

Leeds 0113 2307774
London 0171 493 1238
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to: Selector Europe, 16 Connaught Place, London

Moat
Housing Group

This must be one of the most rewarding jobs around
Rewarding, in every sense

Sevenoaks, Kent

With a £300 million property base, the financial strength of Moat Housing Group is used by its 250 staff working out of 8 locations to provide homes and services to more than 20,000 people in the South East.

Can you use your proven financial skills and experience of running a complex financial operation to help us to use our resources even more effectively to help people in housing need?

If so, and you are enthusiastic and highly motivated, you may be our next

FINANCE DIRECTOR

c. £60,000 package

This is a vital job in one of the country's leading housing associations, which has an active development programme and strong partnerships with local agencies and councils. You will need to be professionally qualified and able to demonstrate successes in managing the capital requirements and cash flow of a large organisation. Excellent liaison and negotiation skills are essential, as are the commercial sense and self-confidence necessary to figure in this ambitious and growing organisation's future.

If you can match, or surpass these requirements, call 01732 743809 for an information pack.

Sevenoaks is 30 minutes from London by rail, has excellent road links and is easily accessible.

Moat Housing Group is working to implement an effective Equal Opportunities Policy.

FINANCIAL ANALYST

Global Telecoms Multinational

London

c£40,000 + Car + Benefits

The global telecommunications industry represents one of the most challenging, exciting and dynamic commercial environments in which to operate. It is characterised by the development and application of leading edge technologies, the provision of seamless international business solutions and exponential growth rates. Our client boasts clear market leadership in their core international markets and are constantly pioneering new customer solutions around the globe.

The carrier services division is responsible for developing and managing the international relationships, commercial arrangements and products which facilitate their international business. Working as part of this team and in partnership with your marketing, business development and technical colleagues you will design and support new product initiatives, ensuring profitability is optimised at the individual product and overall portfolio level. You will also critically review all aspects of the group's carrier business to identify and exploit new opportunities. You will take ownership of projects from initiation through to delivery.

The successful candidate will therefore be:

- A qualified accountant, ACA/ACMA/ACCA with at least 3 years post qualified experience.
- Instinctively commercial with sound analytical capabilities.
- Able to think 'outside the box'.
- Highly influential with a natural ability to work with non finance professionals.
- Relishing the prospect of a high profile international role.

This represents a unique opportunity to impact positively on the success of a world leading multi-national. Energy, creativity and flexibility are all qualities which will enable you to capitalise on exceptional career opportunities.

Interested applicants should apply immediately to **Robert Macmillan** stating current remuneration and quoting reference number UKR0009 at **Nicholson International** (Search and Selection Consultants), Bracton House, 34-36 High Holborn, London, WC1V 6AS, England. Alternatively fax your details on **+44 171 404 8128** or Email: ni@nicholsonintl.com.

NICHOLSON INTERNATIONAL
UK

Australia Austria Belgium Brazil China Czech Republic France Germany Holland Hong Kong Hungary India Israel Italy Poland Portugal Romania Russia Spain Turkey

INTERNAL AUDITOR
c£40,000 + BONUS

Our client is the Capital Markets subsidiary of a leading international bank. They are active in fixed income and related derivative markets, and have opened several new business lines over the last 12 months as the first stage of an aggressive expansion plan.

This securities house is currently seeking to recruit an Internal Auditor who will be responsible for conducting audits with a full assessment of business risks, critically overseeing internal controls together with producing and implementing recommendations. This is an exciting opportunity that will challenge those with personality and ambition who are proactive and seek to add value to the business.

The prospective candidates will be graduate accountants who have a familiarity with both auditing and regulatory requirements. In addition to extensive relevant product knowledge, applicants must also be able to demonstrate experience of current risk audit methodologies. Candidates should possess strong interpersonal skills as they will be expected to develop and maintain relationships with staff at all levels, senior management and external advisors. The job holder will be IT literate and highly analytical.

Further career prospects with this rapidly expanding organisation will be excellent.

Suitable candidates should send a copy of their cv, in confidence, to *Helen Highet, Managing Consultant*, at the address below.

Jonathan Wren & Co Ltd, No 1 New Street, London EC2M 4TP
Telephone 0171-623-1266 Facsimile 0171-626-5257 Compuserve: 100446,1511

P30169

b a n k i n g

Emerging Markets Internal Audit

London ***circa £35,000-£40,000 + Benefits***

- *The bank is based in London with operations in Russia, Singapore and North America. The majority of business focuses on maximising the institution's strong relationships in the emerging markets of Eastern Europe. The bank undertakes complex project and trade financings, as well as treasury and trading activities, including participating in the bullion and financial futures markets.*
- *The appointee will report into the Head of Group Internal Audit. A senior member of the team, he/she will gain exposure to audit and control issues across the full range of the bank's activities which will provide the opportunity for overseas travel on an occasional basis. The internal audit function fulfils an independent consultancy service to the business areas in the provision of advice on policy matters as well as organisational and risk management issues.*
- This high profile, broad ranging role offers plenty of variety as well as fulfilling a key role in the development of the bank's operations in London and overseas. The position represents a challenging opportunity for a qualified, or, in certain circumstances, soon-to-be qualified accountant who can demonstrate strong audit experience within a banking context. Experience of computer auditing is of particular relevance to the role.
- ***To progress your application, please write to Susan Milford, outlining your suitability for the role, enclosing a curriculum vitae with current salary details, at Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting reference SM729. Fax number 0171 931 1822.***

ERNST & YOUNG
The United Kingdom firm of Ernst & Young is a member of Ernst & Young International

مكرر من الأصل

UCI Paramount/UNIVERSAL COMPANY

Director of Business Planning & Development

Manchester **c £45,000 + Car + Benefits**

UCI, a joint venture company between Paramount and Universal, is the European market leader in the development and operation of multiplex cinemas. The Group has experienced sustained and rapid growth in both turnover and profitability. Significant plans for further expansion by acquisition, joint venture and organic growth include immediate entry into new markets in Brazil, Japan and Eastern Europe. To support this business development, UCI wishes to strengthen its corporate finance team through the appointment of a high calibre individual.

Reporting to the Chief Financial Officer, the primary area of responsibility will include the following:

- Preparation and co-ordination of Group strategic plans.
- Assessment of capital investment proposals.
- Evaluation and presentation of business opportunities in new and existing territories.
- A 'hands-on' role with regard to the establishment of UCI operations in new countries.

CANDIDATES

- Preferably a qualified accountant/MBA.
- Experience gained within an international environment.
- Strong analytical skills combined with a proactive results orientated style.

In addition, you will need to demonstrate well developed interpersonal skills along with exceptional commercial and business awareness. The position will involve extensive liaison with the US parent and with UCIs operating subsidiaries worldwide.

Interested applicants should forward a comprehensive CV quoting ref 282628 to Stephen Banks ACMA at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ, or fax 0161 236 6961.

MP

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Nottingham St Albans & Worldwide

Head of Analysis & Planning

Herts **to £45,000 + Car + Benefits**

Our client is a rapidly growing pharmaceutical company with a turnover in excess of £300 million. As one of the top 5 players in the UK ethical pharmaceutical market with a strong portfolio of products, they have a reputation for quality reliability and customer care. Continued growth now generates an outstanding senior finance opportunity.

Reporting to the Financial Director, the main objective of the role is to provide incisive financial information and analysis in order to optimise financial performance and support company objectives. Specific responsibilities will include evaluating and improving current financial systems, working closely with heads of department to ensure accurate budgeting and forecasting, and developing skills and efficiency within the Analysis and Planning team.

Probably CIMA qualified, candidates must have recent pharmaceutical experience and knowledge of (PPRS). Personal qualities will include strong management and analytical skills, coupled with the energy and ambition to make a success of this challenging role.

Interested candidates should write including comprehensive curriculum vitae to David Trapnell at Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Herts AL1 1SA, quoting current remuneration and, where possible, daytime telephone number.

MP

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Nottingham St Albans & Worldwide

Business Analyst

Central London **to £50,000 + Car + Benefits**

As one of the world's leading providers of business services, our client is committed to delivering outstanding value to its global customer network. The UK operations, with a turnover of £400 million, enjoy an enviable reputation for professionalism and innovation, which is reflected by their blue-chip client base.

In order to maintain the firm's leading position and to drive proactive change, there is now a need to recruit an exceptional individual to report directly to the UK Finance Director and the Executive, focussing primarily on the potential for business improvement. The first requirement will be to provide revenue and profit analysis across client accounts, business streams and product types. Additionally, the establishment of key performance criteria and business reviews will be essential, as will the critical appraisal of strategic decisions and investment proposals.

Candidates, probably in their early thirties, will be qualified accountants/MBAs with proven analytical skills gained within a large company environment, possessing high levels of confidence, motivation and intellect. Only those individuals with excellent communication skills and clear cut commercial drive will have the qualifications and credibility to meet this demanding challenge and realise the future potential of such a high profile opportunity.

Applicants should forward a comprehensive curriculum vitae, quoting reference 284777 to Jon Boyle ACA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Nottingham St Albans & Worldwide

MITSUBISHI apricot

Financial Director – Sales Division

Birmingham **to £45,000 + Car + Benefits**

The newly-created Mitsubishi Electric PC Division, incorporating Apricot Computers, is a major force in the personal computer systems industry. It represents a significant investment by the parent company in the next generation of PC technology and is now strategically well positioned for a period of rapid and vigorous growth. The company's objective is to become one of the world's top ten PC businesses by the next millennium.

An opportunity has arisen for an ambitious and commercially aware finance professional to play a key role in the company's continued success. Reporting to the Group Financial Director, the successful candidate will be a key member of the sales division senior management team with responsibility for all financial matters and a range of commercial and strategic issues. An initial area of focus will be the overhaul/replacement of the existing financial systems infrastructure in order to facilitate the current and continued rapid growth of the business.

The successful candidate will be a qualified accountant (ACA/ACMA/ACCA), most likely aged between 30-40 and who preferably will already be operating at senior level in a sales/distribution operation.

Individuals with experience in 'hi-tech' organisations will be of particular interest, but of greater importance are personal qualities such as sound interpersonal and staff management skills. Equally, candidates must demonstrate the confidence necessary to operate at Board level and the necessary commitment to meet the demands of a modern and expanding business.

Interested candidates should apply in writing quoting reference 283533 and enclosing a full CV (including a day-time telephone number and details of present remuneration) to William Greenwell, Michael Page Finance, Executive Division, The Citadel, 190 Corporation Street, Birmingham B4 6QD.

MP

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Nottingham St Albans & Worldwide

International TV/Media Company Finance Directors

SLOVAKIA/GERMANY/POLAND/UKRAINE ATTRACTIVE PACKAGES

The Company

Our client is able to boast an excellent reputation within central & eastern Europe for its leading role in development of television stations in the region. Due to rapid growth and expansion the company is looking to recruit Finance Directors in Slovakia, Germany, Poland and Ukraine.

The Roles

As a result, they now seek a Finance Director for each operation who will oversee and manage all aspects of the television station's financial operations. This will include implementing and administering the PC based information systems, developing financial controls and reporting procedures, ensuring local legislation is adhered to, production of variance analysis, together with quarterly and annual US GAAP reporting. In addition, they will be expected to recruit and develop local staff so they can assume positions of responsibility in the finance area.

The Person

Linguistic ability in central & eastern European languages, although not essential, will be a major asset. Candidates should be a UK Chartered Accountant or CPA with 4 - 6 years' experience, who should be able to demonstrate resilience, tenacity, energy and the ability to work in a multi-cultural east/west environment. Previous experience of working in an Ex-Pat environment is preferable. Equally important is a mature hands on approach combined with a high degree of commercial acumen.

These positions offer the opportunity of getting in at the 'ground level' in what will be a rapidly growing operation. Career prospects with this international group are excellent.

If you consider you have the required background experience and feel you have the potential to achieve the high standards of our client, please forward your CV, quoting reference number FT 2844 to: Antal International, 8 Alice Court, 116 Putney Bridge Road, London SW15 2NQ, UK. Tel: +44 (0) 181 874 2744. Fax: +44 (0) 181 871 2211.

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AMP

Treasury Accountant

Stoke Poges, Buckinghamshire **£30,000-£35,000 + benefits**

AMP Incorporated is a world leader in the provision of electrical/electronic components and systems. With a turnover in excess of $5bn, this global business is managed through three regional headquarters covering the Americas, Europe, Middle-East and Africa, and Asia-Pacific. The AMP-EMEA headquarters based in Stoke Poges provides central support and management services to 23 subsidiaries in 19 countries across the EMEA region. This activity is co-ordinated through the UK branch of AMP Services Limited (ASL) and also through a newly-established regional treasury function.

As a result of continuing growth, an exciting opportunity has arisen for a part or recently qualified ACCA or CIMA to join this growing function, focusing on the provision of high quality accounting and management support to both ASL in the UK and the new treasury vehicle.

Reporting to the Treasury Manager-EMEA, key tasks to be addressed will include the implementation of computerised accounting and management information systems and improving the efficiency and effectiveness of processes, controls and procedures.

Your experience will include:

- US parent company reporting (knowledge of US GAAP useful)
- UK statutory/tax reporting
- accounting and management information systems, including SAGE
- previous experience of working in a treasury environment

Highly PC literate, you will be a team player with first rate verbal and written communication skills and the self-confidence and personality to work effectively at all levels of management.

Please reply in confidence, enclosing a full CV and quoting reference B1978, to:

Alexander Hughes Selection
58 St. James's Street, London SW1A 1LD.

ALEXANDER HUGHES SELECTION
A Company Member of the CPM Search International Network

Exceptional Opportunity for a Commercial Finance Professional

FINANCIAL CONTROLLER – TELEVISION

£55,000 to £60,000 + Car + Bonus + PRP

C. LONDON

Reuters Television is the world's largest provider of television news to broadcasters, supplying an integrated service which includes raw footage, ready-to-air programmes, text, graphics, still photography and archives in all media.

Reuters Television is an important part of Reuters Holdings PLC, the world's leading provider of business information and multi-media services with a worldwide turnover of £2.7bn.

For the development of the business, Reuters Television is looking to recruit an ambitious finance professional to take full bottom line responsibility in the UK, in this number one finance role. You will be a key member of the management team making a major contribution to the profit and growth of the business.

Reporting to the Managing Director – Reuters Television, with functional responsibility to the Reuters UK Finance Director, you will have responsibility for all financial management, accounting and reporting and for all commercial processes and procedures as well as providing input into the financial and commercial decisions of the business.

This is a rapidly changing environment requiring a qualified accountant with proven line experience and exposure to large commercial deals, contract negotiations and dealings with external parties. Previous Media Industry experience would be an advantage but is not essential.

You will be highly numerate, organised and flexible with a pragmatic hands on approach and have the ability to absorb pressure and see the big picture as well as shorter term goals.

This is an outstanding opportunity for an ambitious finance professional who is looking for the challenges of a growing, fast moving business with the opportunity to move into general management in the medium term.

To be considered for this position please call Dawn White on 0171 209 1000 (quoting reference FT0043) or send fax your CV and full details of your current salary package to her at FSS Financial, Charlotte House, 14 Windmill Street, London W1P 2DY. Fax: 0171 209 0001.

fss

REUTERS

Bureau Client Accountant

Financial Services – Henley-on-Thames
£Negotiable + Fully Expensed Car + Benefits

Perpetual is one of the UK's largest independent investment management groups. The Company was established in 1973 by the current Chairman and now employs approximately 380 staff. We have an enviable reputation for investment performance, and our creative work environment has enabled us to attract and retain some of the most respected professionals in the industry.

We manage a variety of financial products and services for both professional and private investors, as well as providing a third-party administration and software service for an increasing number of Bureau Clients, thus enabling them to concentrate on their core business.

Following the recent restructure of our Accounts Department, this new position, reporting to the Deputy Group Accountant, has been created to meet the current and future needs of the Bureau Clients managed by the company.

Within this role you will liaise with new and existing clients to ensure that systems and procedures are operating effectively, in accordance with the rules and regulations governing the industry. This involves balancing the customer care requirements of our diverse Bureau Client base with the commercial reality of providing a service within a regulated environment. You will also be responsible for a small team of people carrying out day-to-day accounts administration.

To succeed in this role you will need to be a qualified accountant (preferably ACA), with a minimum of 2 years' experience gained within a regulated environment such as PEP administration, unit trust administration or general financial services. A knowledge of IMRO regulations and compliance is also considered to be a vital requirement.

The ideal candidate will also need to be a confident and persuasive communicator and possess an eye for detail and accuracy. A mature attitude, previous management experience and the commitment to achieve results in a high profile, pressurised environment are also essential. Previous experience of IBM AS400 and PCs would be highly advantageous.

To apply, please send your CV and a covering letter which should include details of your current remuneration package to Mrs Liz Long, Personnel Assistant at the address below. (NO AGENCIES PLEASE)

Perpetual Perpetual Investment Management Services Limited, Perpetual House, 47 - 49 Station Road, Henley-on-Thames, Oxon RG9 1AF *(Regulated by IMRO)* CW/3541

Financial Director

Shropshire — **to £40,000 + equity**

Our client is a rapidly expanding £7million turnover company involved in the manufacture, sale and distribution of packaging systems and materials.

The Financial Director - a key contributor to the drive for further growth - will head a small team responsible for the production of management information, cash forecasts and budgets; for MIS operation and adaptation; and for internal sales administration.

Candidates must be qualified accountants (ideally ACA/FCA) with successful experience at Controller level in manufacturing industry. They must combine the ability to contribute to the strategic development of the company with a solid "hands on" approach and a customer orientated attitude.

Initial salary and bonus package negotiable to £40,000 plus excellent benefits including car and equity opportunity.

Please write - in strict confidence - with full career details to Sam Lievens.

Ravenscroft & Partners
Search and Selection
20 Albert Square, Manchester M2 5PE

financial controller

joint-venture start-up

U.S food multi-national

tashkent, uzbekistan

excellent package

An opportunity with major U.S food multi-national undertaking a significant investment programme in Eastern Europe and Central Asia. We need a strong commercial finance person to look after existing investments and identify new business opportunities.

The position requires maturity, confidence and business sense in order to deal at a senior level with operational management of a food import and distribution business. There are plans for manufacturing operations in the future. We're looking for an accountant, Russian speaking would be a plus, or someone with Russian or other developing country experience.

Over the next few years continuing expansion of Eastern European operations will necessitate increasing attention to cross-business issues and the Financial Controller will assist the General Manager in handling all major projects, alliances and strategic developments.

Reporting to the General Manager and deputising for him in his absence, key responsibilities will include:

- US GAAP reporting, planning and budgeting
- foreign exchange, treasury and contract accounting
- strategic issues and business advice to management
- maintenance and development of financial systems
- potentially some responsibility for purchasing

Good performance will be rewarded with excellent long-term career development.

Farn Williams specialise in recruiting internationally mobile finance professionals for Controller, FD, Analyst, Planner, Auditor, Banking and I.T opportunities.

FARN WILLIAMS — Please send CV, ref: 0495 to Farn Williams, Diamond House, 37-38 Hatton Garden, London EC1N 8FW Tel: (44) 171 404 4089 Fax: (44) 171 404 4083

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£90,000 + Package

Leading London based media company seeks to recruit a high profile Financial Director to aid in their exciting growth programme in 1996.

ACA qualified and with a proven track record gained in media, you will be able to represent our Client in the City at the highest financial levels.

Our Client offers an exciting and challenging role with matching salary package to an embitious professional who is comfortable with strategic decision making, mergers and acquisitions.

For a confidential discussion call our retained consultant Mr Kelvin Trott on
0181 390 4990

EXPERIENCED TAX ADVISORS

BRUSSELS — **EXCELLENT SALARY PACKAGE**

Our client is a leading American multinational in the FMCG sector with a worldwide turnover in excess of US$ 30 billion and employing about 100,000 people. Due to strong growth in business and complexity of the operations, its Headquarters near Brussels is now looking to recruit "Tax Advisors" or "Experienced Tax Advisors".

Within the European Headquarters' Tax Department, your main responsibilities will include:

- tax advice and support to the European operating companies' management
- establishing clear, consistent and sustainable tax strategies for all facets of the business;
- assisting in cross-border tax planning;
- tax guidance for personnel matters;
- advice on structured tax effective financing.

The ideal candidate should be educated to degree level preferably with an additional qualification in tax. He/She will have at least 2 to 4 years relevant experience in an international accounting firm, legal practice or in a multinational company. Acquaintance with international tax planning would be an advantage. The successful candidate must be fluent in English and must have knowledge of at least one other European language. Excellent interpersonal skills and leadership potential together with a strong business orientation is essential.

In return, a very competitive remuneration package with excellent career opportunities in a dynamie and growing environment will be offered.

Interested candidates are invited to contact Christian Smets on (322)5116688 fax (322)5119969 or send him a detailed curriculum vitae at the following address: Robert Walters Associates, Avenue Louise 66 box 5, 1050 Brussels, Belgium.

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR NEW YORK AMSTERDAM BRUSSELS SYDNEY

OPERATIONAL REVIEW

London + International Travel

£30-35,000 + benefits

PSION

Psion, a world leader in handheld computing, is an international Group with companies in the UK, USA, Germany and Holland and independent distributors in more than 40 countries. A strong corporate philosophy has been converted ioto demonstrable commercial success with 1995 pre-tax profits up by 78% to nearly £12m on a turnover in excess of £90m. Continued rapid expansion is forecast both in the UK and internationally.

As a result of this sustained growth, a new role has been created within the finance function. Reporting directly to the Group Financial Controller, the role will encompass:

- The creation and implementation of an internal audit plan for all Group Companies
- Assessment of the efficiency of procedures and the effectiveness of financial controls across the Group
- The presentation of recommendations for improvements in financial and business controls to the Audit Committee
- Carrying out special investigations and projects for the Board.

Based in London, the role will involve travel to operations in the United States and Europe.

The successful candidate will be a qualified accountant with a record of achievement gained from either a practice or operational review environment. A self-disciplined character is required with an ability to act independently and to express ideas in a coherent and logical fashion at Board level. Psion is determined to capitalise on its excellent position in the market and success will be rewarded by exciting career development opportunities in the future.

Interested candidates should contact Paul Avon on 0171 629 4463 or, alternatively, send a full c.v. to him at Harrison Willis, 39/40 Albemarle Street, London W1X 4ND. Fax 0171 344 0362.

HARRISON WILLIS

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International Corporate Finance Manager

Del Monte

to £40,000

+ f/x Car

+ Bonus

Del Monte Foods International Ltd is a division of the Del Monte Royal Group. With a turnover of approximately £350m, DMFI's principal operations are the processing and marketing of canned pineapple, canned deciduous fruit, fruit beverages, tomato and speciality products. Having achieved a substantial market share in Europe, Africa and the Middle East, the Group is expanding rapidly in Eastern Europe and it has recently taken a major step in developing the Asian markets.

Central to this expansion will be the Corporate Finance Manager. Reporting to the Group Finance Director, this person will have responsibility for:

- ▲ Appraisal and evaluation of potential acquisitions and new business opportunities
- ▲ Due diligence
- ▲ Acquisition negotiation
- ▲ Formulation of funding strategy
- ▲ Investor relations
- ▲ Regulatory reporting.

This challenging role requires a commercial individual with strong negotiating skills, an analytical mind, excellent financial modelling experience and the confidence to influence key decision makers in a variety of external organisations. Aged 28-35, the ideal applicant will be either a qualified accountant or an MBA who has previous exposure to the acquisition process and approximately 5 years general finance experience.

Applicants should write quoting reference number 26927 and enclosing a curriculum vitae together with details of current salary to: Ann Marie O'Brien, Martin Ward Anderson, Goswell House, 134 Peascod Street, Windsor, Berkshire SL4 1DS.

MARTIN-WARD · ANDERSON ·
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FINANCIAL DIRECTOR

Manchester — **£50,000 + car + benefits + performance related bonus**

THE COMPANY

- UK Distributor of quality branded products. Turnover £50m.
- Has implemented a co-ordinated buying and selling strategy.
- Subsidiary of a successful and progressive international plc.

THE ROLE

- Key member of management team, giving pro-active guidance and advice to the Managing Director.
- Providing financial input to business decisions, expansion plans and performance reviews.
- Responsible for the financial and management accounting function to ensure the provision of timely and accurate information both at local and group level.

THE PERSON

- Qualified Accountant, aged over 30 with experience of sophisticated reporting systems gained within a trading or consumer environment.
- Good inter-personal skills, commitment, commercial 'hands on' approach and an enquiring mind
- Excellent career prospects within this UK group.

Please write enclosing full curriculum vitae quoting ref: 180 to: Nigel Hopkins FCA, London House, 53-54 Haymarket, London SW1Y 4RP Tel: 0171 839 4572 Fax: 0171 925 2336

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FINANCIAL & TREASURY SELECTION

Do you want to be part of the real thing?

ALWAYS Coca-Cola

This is it. A truly exceptional opportunity with one of the most successful companies in the world. Develop your international finance career in a dynamic environment, where talent is recognised and nurtured and achievement [illegible]

Coca-Cola needs no introduction: the world's most powerful brand, its products bought by more than [illegible] delivering outstanding value for its [illegible] unwavering commitment to integrity [illegible] and talents of all its people, its record of continuous exponential growth [illegible] a constant demand for [illegible] finance leaders.

[illegible] to a fast-track finance career providing [illegible] is the international Corporate Audit Department. With a mission to ensure financial integrity and improve business process efficiency, CAD members develop financial leadership skills through 45 international assignments each year and a diverse range of secondments. The CAD's record speaks for itself: over 50% of Coca-Cola's top financial management are CAD alumni - so is the Company's President.

To join this success story, you will need to be a high achiever, ACA [illegible] or equivalent, with [illegible] experience, [illegible] English and working knowledge of at least one other language is essential. [illegible] analytical and interpersonal skills are all [illegible] an enthusiasm for extensive international [illegible] environment.

If you would like to apply, please fax or post your CV quoting ref 157 to Alderwick Consulting at the address below, or for further information, call us on 44 171 242 9191 (weekdays) or 44 181 607 9621/44 171 407 6641 (evenings and weekends). Please note: any CVs sent to The Coca Cola Company will be forwarded to Alderwick Consulting.

The Coca-Cola Company

ALDERWICK CONSULTING
SEARCH & SELECTION
95 FETTER LANE, LONDON EC4A 1EP.
TELEPHONE: 44 171 242 9191 FAX: 44 171 242 3560

FINANCIAL ACCOUNTANT

LONDON

To £32,000 + Non-Contributory Pension

THE NATURAL HISTORY MUSEUM

The Natural History Museum, one of the UK's leading visitor attractions, has a unique role in the nation's scientific and cultural heritage. With a budgeted income in excess of £40m, its mission is to aid our further understanding of the natural world using its unrivalled collections in world class exhibitions, education and scientific research. In this challenging and progressive environment, the Museum's goals are to maintain its commitment to excellence, catalyse investment from both the private and voluntary sector, and make its collections and the work of its scientists more accessible to the public.

Essential in achieving these goals and the Museum's continued success is the appointment of a skilled finance professional. Reporting directly to the Head of Finance, key tasks of this appointment will include:

- Responsibility for all statutory and financial reporting
- Leading a team of twelve people engaged in payroll, receipts and payments whilst maintaining the highest standards and ensuring objectives are achieved
- Reviewing internal controls and systems and making appropriate recommendations
- Treasury Management – ensuring thet the cash position of the Museum and its Trading Company are optimised at all times
- Assisting in the implementation of a new accounting package and other systems initiatives.

Suitable candidates should be qualified accountants, preferably from a commercial background, with experience of management and a demonstrable "hands-on" approach. Equally important will be your potential to achieve, your initiative, your energy and your enthusiasm to succeed.

Interested candidates should contact Paul Avon on 0171 629 4463 (quoting reference 730) or, alternatively, send a full c.v. to him at Harrison Willis, 39/40 Albemarle Street, London W1X 4ND. Fax 0171 491 4705.

HARRISON WILLIS

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مكتبة الاهرام

deputy head of corporate audit

c.£80,000 + benefits & relocation

essen, germany

Part of the Veba group (the third largest company in Germany), Raab Karcher has an outstanding record of success and a turnover in excess of DM10 billion. Our diversified activities include building materials, sanitary ware, heating systems, tiles, electronics, energy services and security services. Our operations are spread throughout Germany, the rest of Europe and further afield.

We now seek a Deputy Head of Corporate Audit. This role offers exciting potential to become Joint Head of Audit in a relatively short period and further opportunities to move on within the group. We are in the process of re-engineering our audit services to provide more focus on operational audit and you will be actively involved in helping us achieve this as well as undertaking specific projects including dua diligence and integration of acquisitions plus liaison and negotiation with external auditors.

Based at our headquarters in Essen, this position offers a superb opportunity to broaden your international experience with a leading European company while managing a talented team of international auditors.

You will be a qualified accountant (perferably Chartered) and with at least 5 years' post qualifying experience. You will have extensive experience of internal audit in an international environment and an understanding of EDP audit. You will be keen to progress and demonstrate how corporate audit can contribute to our operations. You should be able to speak German, or be capable of becoming fluent in a very short time.

We will negotiate on salary in order to recruit the best possibla candidate and full relocation assistance will be provided.

If you are interested in pursuing this, please send a comprehensive CV to:

Mr Schronen, Personnel Department, Raab Karcher AG, Postfach 103152, 45031 ESSEN, Germany.

raab karcher group

Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Group Finance Director Designate

A new role at the heart of a changing business

c.£60,000 + benefits Midlands

A unique personal challenge . . .

You are looking for the next stage of development in your career. You want a role that will grow with you; a role that you can mould around yourself; a role that offers you change, challenge, real responsibility and the chance to influence corporate development. We are offering that position.

A unique corporate agenda . . .

The appointment of a new CEO and the introduction of external investors are the drivers for a period of major change. We aim to maintain our entrepreneurial and competitive culture whilst improving the focus of our businesses, our people and our information and IT systems. We're already the largest company in our sector of the metals production and trading business; through corporate acquisitions, business restructuring and the reengineering of the way we manage the group, our ambition is accelerated growth and increased profitability.

A challenging role . . .

As our group head of finance, you will work closely with the Chief Executive and the management teams of our subsidiary companies. You will have full responsibility for the group's financial affairs – controls, reporting, cash management, treasury and secretarial. You'll be a key player in acquisition review and integration; in the assessment of capex and you'll drive the integration of systems across the group. But – we want to be honest with you – we don't believe in big head offices and, in the early days, we'll expect you to work with little support in a *truly* 'hands-on' manner.

For a commercial candidate . . .

Your fast track career to date is based on an immersion in management accounting and a consequent understanding of what the figures really mean, substantial experience at operating company level as well as corporate centre, proven ability to manage subsidiary finance staff at arms length and a record of surviving with a small head office team. You will be closer to our ideal if you bring systems and banking skills, international exposure and evidence of competitor analysis – extending to acquisition investigation. If you've done all this in a metals or commodities environment, even better!

To take this forward write to our advising consultant, Mark Hartshorne, quoting reference D/0080 and enclosing full career and remuneration details. Prove to us that you have the potential we seek.

Executive Search & Selection,
Price Waterhouse,
19 Cornwall Street,
Birmingham,
B3 2DT.
Fax: 0121 200 2464.
E-mail: Mark_Hartshorne@Europe.notes.pw.com

CASPIAN

Global Emerging Markets

OPPORTUNITIES IN FINANCIAL MANAGEMENT

City

A recently established emerging markets investment group, Caspian provides a wide range of investment banking, asset management, research and securities services to an international client base. Established in 1995, we now have over 120 staff located in London, New York, South America and the Far East. Headed by an impressive executive team, we are building our resources to meet the challenge of rapid business expansion.

Our finance function needs to recruit talented individuals who will make a critical contribution to the development of the business support and control infrastructure. Based in London, these roles report to the Group Financial Controller and core responsibilities may be summarised as follows:

Global Product Controller

- Developing P&L processes, related controls and performance analyses.
- Managing the rollout of new products.
- Developing risk identification and control initiatives.
- Building relationships with business managers and colleagues globally, and with external contacts.
- Managing the recruitment and development of a product control team.

Treasury and Budgeting

- Treasury P&L management and performance monitoring.
- Cashflow forecasting and the allocation of cost of carry and cost of capital.
- Developing budgeting systems and controlling costs across the firm's international operations.
- Significant involvement in systems initiatives, special projects and treasury/funding issues.

Candidates will be numerate, IT literate, graduate accountants with post-qualifying experience gained in either the securities industry or the corporate sector. Equities experience would be relevant to the product role; experience of cash management/funding and budgeting/cost management would suit the other position. Systems experience and database interrogation skills would be ideal. Intelligence, business understanding, creative flair and the desire to be involved in an exciting new venture are fundamental to these roles. You will thrive in an exciting, friendly environment, enjoying early responsibility and the opportunity to make a real contribution to a dynamic new force in international investment banking.

Please write to our advising consultant Janet Bullock at BBM Selection, 76 Watling Street, London EC4M 9BJ, enclosing a C.V. that includes contact telephone numbers. Any agency and direct applications will be forwarded to BBM. All appliations will be handled in the strictest confidence.

CATAMARAN CRUISERS

Financial Controller/Company Secretary

PACKAGE TO £35K + BENEFITS. CATAMARAN CRUISERS LTD (BATEAUX LONDON)

Operating on the River Thames, we are focused on sightseeing and up-market dinner cruises. As a commercially oriented company with a strong commitment to customer service and quality we are the largest operator on the river and have set new standards with our ongoing investment plan in vessels unique to London. Catamaran Cruisers is a wholly owned subsidiary of Sodexho and a sister company to Gardner Merchant; the world's largest contract food services group with a turnover in excess of £3b. We wish to recruit a financial controller with the following skills:

- ACA, CIMA, or ACCA
- Minimum 3 years post qualification experience within a commercial environment
- Late 20's to mid 30's
- Currently Assistant Financial Controller seeking to acquire a key role within a business or Financial Controller of a small company looking to join a growing business.
- Experience within a leisure/sales environment would be an asset.
- Must be assertive, self-moovating, flexible, hard-working, and able to take a direct role within a small team.
- Reports to the MD and the Divisional FD.
- The candidate will also act as company secretary
- Although not a bar to the correct candidate, knowledge of French and the French GAAP would be an advantage.
- Responsibilities include management and statutory accounts, corporate tax, payroll, VAT, financial planning and cost control.
- Experience with MIS and Human Resources would be an advantage, as would a knowledge of general compuong skills.
- In addionn the role will include long term planning, general administration and liaison with our banks, auditors, solicitors, insurers, the Inland Revenue and the local authority.

Please reply by Thursday 25th April, enclosing your CV, current package details, and a one page, handwritten outline describing your suitability for this role to: Peter Selinger, Managing Director, Catamaran Cruisers, Charing Cross Pier, Victoria Embankment, London WC2N 6NU. (confidential fax: (0171) 930 0950).

We are an equal opportunities employer.

Sodexho

FINANCIAL ANALYSTS

London c£36,000 + Bonus + Car

Our client is an established market leader within the FMCG sector, with a brand name synonymous with quality and leading edge marketing strategies. The organisation has continued to increase share in its highly competitive markets by expanding their distribution network and product portfolio.

As part of their ongoing development plans, the organisation is now seeking to recruit two Financial Analysts to join their finance team. The focus of the role will be to provide a key strategic link between the finance and marketing functions conducting competitor and brand analysis for presentatioo to the Board.

To succeed in this role, it is envisaged that you will possess the following attributes:

- Proven commercial acumen.
- Analytical mind.
- Strong communication skills.
- Confidence to challenge issues wben necessary.

A qualified accountant with 2-3 years PQE you will be committed to building a career within a fast moving environmeot. A strong academic background will be complemented by a track record of achievement in your career to date. In return, our client offers unlimited career development and an excelleot salary package.

Please send a CV to Julie Thompson at FMS
5 Bream's Buildings
Chancery Lane London EC4A 1DY
Tel: 0171-405 4161 Fax: 0171-430 1140
E Mail: 100621.2024@compuserve.com
We have offices in London, Birmingham, Manchester and Lewes

fms

INVESTOR IN PEOPLE

THE PSD GROUP

FINANCIAL CONTROLLER

Edinburgh *c£45K + Car + Benefits*

Computer Sciences Corporation (CSC) is a world leader in management consulting, systems integration and nutsourcing. CSC work in partnership with their clients and are committed to excellence. CSC is presently the fastest growing IT services organisation in the UK and has annual global revenues of $4.1bn.

This continning corporate dynamism reqnires a Financial Controller whu has the necessary energy and enthusiasm to grasp a challenging situation armed with initiative, technical strength and commercial awareness. The position focuses on the front end of the business with involvement in the negotiation process, liaison with customers and analysis of pricing. Nevertheless it requires an individual who is willing to roll their sleeves up and work hard within a focused financial environment.

A qualified accountant, the appropriate individual will have maturity, credibility and strong influencing skills. It is possible that involvement in mergers and acquisitions or significant change management programs will have provided relevant experience and this will be given some weight. You must also have vision and the drive to add value in the national growth of this world class operation.

To apply please contact our consultant David Bond, ACA, at ASA International 63 George Street, Edinburgh, EH2 2JG Tel: 0131 226 6222 Fax: 0131 226 5110

CSC

ISRAEL

Commercial ACA (30)

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Professional with many years varied world leaders experience (banking, leisure & airline industries). Swiss & Brit, working German & French. Currently employed in a global company with 75% travel & 25% base work from his own base in Zurich desires a more challenging role.

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Robert Hunt on +44 0171 873 4095

IT Senior Appointments

KPMG

Head of IT

Tax Free package to £100,000+benefits **United Arab Emirates**

Our client is a major financial institution with its principal operational base in the United Arab Emirates, investing globally in most major market sectors. As a consequence of an assessment of its IT operations, the need has arisen to appoint a Chief Information Officer (Head of IT) to review and upgrade their IT and communications systems, to more effectively support their investment operations.

This is a strategic role at senior advisor level, to review the current and future business needs and to direct the design and implementation of a strategy to introduce appropriate systems to manage and evaluate investments and treasury functions to best industry standards.

A computer science graduate, preferably with a second degree level qualification in finance, the successful candidate will be able to demonstrate experience of operating at a senior level in a major financial institution with a significant fund management business, managing the effective deployment of information technology systems. The person will have gained a thorough understanding of the operational aspects of such a major financial institution, have a high degree of business acumen with strategic vision and a proven ability to analyse and understand business requirements and to deliver effective IT solutions. Extensive knowledge of current IT technology will be required, together with high level project management skills. Experience in the selection of vendor packages and systems architecture, as well as evidence of successful delivery of IT solutions, incorporating third party packages, in an international investment management environment will be necessary.

If you are a dynamic individual who meets the above criteria and has the ability to achieve through diplomacy and persuasion, please send your CV with details of current remuneration to Bernard Grant at KPMG Selection & Search, 1–2 Dorset Rise, London EC4Y 8AE. Fax number 0171 311 5872 (Ref: 118F).

KPMG Selection & Search

HEAD OF INFORMATION TECHNOLOGY
INTERNATIONAL BANKING

Opportunity to manage all aspects of systems development and data processing in a leading financial institution

This significant appointment calls for a highly capable I.T. specialist to take responsibility for the development and operation of computer systems to meet our client's present and long term information needs. The Bank is a leader in trading interest rate derivatives and has recently introduced a sophisticated computer system to enhance its business capabilities in treasury management.

Probably a graduate, aged 35-40, with a relevant degree, you will have strong technical expertise, coupled with the ability to manage a small, but growing team. You must have a thorough knowledge of financial and dealing room products, gained through working in the systems department of an international bank for at least 6 years.

The Bank offers an attractive salary and benefits package which will reflect the importance attached to this position.

Contact Tony Tucker in strict confidence.

Fax 0171-626 9400

Cleary Court, 21-23 St. Swithin's Lane
London EC4N 8AD
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SHEPHERD LITTLE

I.T. DIRECTOR

MARKET LEADING BUSINESS SERVICES ORGANISATION

SOUTH EAST **TO £70,000 + BONUS + BENEFITS**

- £300 million + turnover market leader providing high value business to business service. Complex finance operation driven by information technology to ensure market dominance through top quality customer service and responsiveness.
- Part of a £1.5 billion plc the company is embarking on a step change in its information systems portfolio and architecture. New process oriented approach is demanding a rapid redevelopment. IT will enable change to impact the entire operation's profitability and volumes.
- Reporting to the Managing Director and occupying a key role on the Board this position will appeal to results oriented individuals with a clear commitment to customer service.
- Outstanding track record of IT strategy development and implementation essential. Financial services, retail, business to business services sector experiences are likely backgrounds. Multi-site business support and board level participation will be key. Strong commercial orientation vital to success.
- Absolute commitment to top quality internal service provision with refined leadership, programme/project management and supplier management skills. Oracle and distributed DEC Alpha experience would be useful.
- Blend of strategic insight and tactical implementation skills with high energy levels and personal stature necessary to drive success. Personal robustness and persistence coupled with vitality will lead to significant career opportunities.

Please apply in writing quoting reference 1124FT
with full career and salary details to:
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IT DIRECTOR

London **Six-figure package**

Part of a FTSE 100 organisation, this major player in its specialist field has ambitious plans to exploit the massive untapped potential in its marketplace. Many factors work in its favour - significant financial investment to allow future expansion in both distribution channels and product range, strong selling power and access to identifiable customer bases, a flexible product portfolio, commitment to a programme of business transformation, an executive team drawn from leading players in the industry, and a culture characterised by autonomy and freedom of action. As IT Director, responsible for c.300 staff and significant external resources, you will be a key driver in ensuring the organisation's market competitiveness.

The role

- develop and implement an IT strategy to achieve business transformation in a growing and evolving marketplace
- deliver cost-effective, integrated information systems to achieve key business goals and enhance the organisation's capability
- transform IT from an administrative tool to a means of gaining significant competitive advantage
- develop and motivate a high-calibre professional team, capable of responding proactively to business needs
- optimise the return from considerable IT investment, encompassing both internal and external resources.

The person

- experienced senior manager and change agent; a strategist and tactician with a track record of utilising IT in business transformation
- a pedigree IT background, with the ability to achieve significant delivery improvements
- strong commercial awareness and business acumen, ensuring high levels of investment are optimised, operational costs reduced and efficiency enhanced
- highly credible leader, motivator and networker, with proven record of achieving high levels of performance from internal and external suppliers
- initiative, drive and enthusiasm to develop new ideas and concepts to successful implementation.

This is a critical, high-profile role and the remuneration package will fully reflect the calibre of individual needed to make a major impact. To apply, please send a detailed cv, indicating current remuneration, to Zillah Jamieson, Executive Search and Selection. Ref: 9746/FT, PA Consulting Group, Hobart House, 80 Hanover Street, Edinburgh EH2 1EL.

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PROJECT MANAGER

RAPIDLY EXPANDING BREWING GROUP seeks Project Manager to oversee implementation of MIS System in two Polish Breweries.

The Brewpole Group has developed into the leading Polish brewing group in the past four years, investing in and developing two breweries in northern Poland. The next stage of the development of our group is to implement and integrate management information system. We have undergone a detailed tender process and are in the process in finalising system selection. The hiring of a project manager to oversee the implementation of this system will be crucial to the project's success as well as the continued growth of our group.

The Position

- Full project and implementation responsibility
- Report to Group Finance Director.
- Lead project team of Group employees from all operating departments, committed full time to the implementation.
- Provide strategic direction for the future development of Group IT and MIS functions.
- A two year contract is offered, although definitely not a limit. Relocation to Poland is required.

Qualifications

- Project management (in-house or consultancy) experience in a manufacturing environment, showing a high level of people management and business reengineering experience.
- High level of motivation and strong leadership skills.
- Polish language skills ideal, although not required.
- Experience with intergrated software solutions.

We are an entrepreneurial group of individuals who form a small management team of what is becoming a major European brewing group. This is an excellent opportunity for a driven individual to join this team and to contribute to the design and shape of our future.

Please send a full cv to Mr. Mark Hopper, fax: 048 58 31 58 54 or if necessary call Kate Bronz for additional information, tel: 048 58 46 38 11

IT in Finance

Sheffield-Haworth Ltd is a fully integrated Search and Selection Company dedicated to the financial services industry.

Due to continued expansion we have recently appointed Edward Hunter Blair who has global responsibility for recruiting within the Information Systems and Technology sector.

Sheffield-Haworth Ltd will be taking on a number of mandates in 1996 and would be interested to talk with highly-qualified professionals within this field.

- Heads of Department
- Directors of Department
- Senior Analyst Programmers
- Senior Business Analysts
- Senior Project Managers
- Development Team Leaders
- Business Systems Managers

For a confidential discussion please contact Edward Hunter Blair on Telephone: 0171 236 2400 or Fax: 0171 236 0316 or send your details to him at Sheffield-Haworth Ltd, Prince Rupert House, 64 Queen Street, London EC4R 1AD.

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For Banking, Finance & General Appointments please turn to pages 16-21

or contact:
Robert Hunt +44 171 873 4153
Toby Finden-Crofts +44 171 873 3456
Andrew Skarzynski +44 171 873 4054

FT IT Recruitment appears each Wednesday in the UK edition, and each Friday in the international edition

For more information on how to reach the top IT professionals in business call:
Will Thomas +44 171 873 3779
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Recruitment **Net.Works** The FT IT Recruitment section is also available all week on www.FT.com

صكرا من الاجل

IT City Appointments

BANKING IT SPECIALISTS

Project Managers **Business Analysts**

TEST ANALYSTS **SENIOR ANALYST/PROGRAMMERS**

City based - Highly Competitive Salaries

Our client is a blue chip international bank operating in global markets. Its success and growth together with a commitment to using the latest technology has resulted in opportunities for outstanding staff to join this progressive organisation to deliver strategic solutions for the bank.

We expect you to have a good understanding of the business and the technology that supports the business with development and implementation skills in one or more of the following.

Securities Settlements Systems for example GLOSS
General Ledger and Financial Systems for example DODGE
Derivatives and Fixed Income
Risk Management for example INFINITY

Good experience in Sybase, C++ and UNIX in a client server environment is desirable especially for the more technical development roles.

Well qualified academically and with good interpersonal skills, you are enjoying a fast track career and are ready to take on a new challenge to help realise your potential.

Please send your CV to Alan Summers quoting reference FT0496 to
S&H Consulting Limited. 17 Wigmore Street, London, W1H 9LA. Tel (0171) 580 5816

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BANKING SYSTEMS

Project Managers and Business Consultants

£ Highly Competitive Package

Our client is a major US based corporation and a worldwide leader in providing high performance information based solutions. The wholesale banking systems division is a successful and rapidly expanding business which is seeking to recruit high calibre project managers and business consultants. A thorough understanding of wholesale banking together with the practical skills and experience necessary to implement and deliver solutions is essential.

You will currently be working with a bank or a supplier to the banking sector and will have in-depth implementation experience in one or more of the following areas:

Trading and Back Office Operations — **Foreign Exchange and Money Market**
Fixed Income & Derivative Instruments — **Retail Banking**
Risk Management — **Payments and S.W.I.F.T.**

PROJECT MANAGERS need to have proven experience in managing and delivering large scale implementation projects. You will need to be commercially aware in order to define and agree costs timescales and budgets and to deliver within these criteria. To be service orientated and yet revenue focused is fundamental to the success of this role.

BUSINESS CONSULTANTS need to have a good understanding of wholesale banking systems, having worked directly with clients or users. You will have experience of the complete system implementation life cycle from installation, enhancements, data conversion, testing and training through to live production and support.

This is a dynamic international environment working with banks on a global basis, and candidates must have strong interpersonal skills and the energy and mobility to work overseas on a frequent and possibly long term basis. Fluency in European languages, particularly German, would be useful but is not essential.

Please send your CV to Mark Irens quoting reference FT1496 to:
S&H Consulting Limited. 17 Wigmore Street, London, W1H 9LA. Tel (0171) 580 5816

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Specialist recruitment for the Banking and Finance Sector and the Suppliers to that Sector

Capital Markets Settlements
YOUNG BUSINESS MANAGER

City **c. £50,000 + excellent benefits**

We are the London investment banking arm of one of the world's largest banks and committed to re-engineering our trading and settlement systems to meet the demands of our businesses during a period of rapid expansion, diversification and change. We are recognised as major players in fixed income markets where we are active in internationally traded government and commercial debt in all major currencies. Our options business, both exchange-traded and OTC, is growing dramatically and we are set to become a growing force in Swaps. To sustain and accelerate this momentum we are implementing new, state-of-the-art IT systems as well as hiring additional business-minded trading and operational personnel. As part of this drive we have created a new position for a young, ambitious operations executive.

The Role is...

- to work as part of a core management team responsible for Risk Management, IT and Finance.
- to think strategically and develop plans for existing and anticipated practices in bonds' and derivatives' settlement.
- to drive and project manage the implementation of new business processes and systems required by our existing bond and derivatives trading businesses.
- to manage a growing team of operations professionals.
- to communicate authoritatively and persuasively with business professionals at all levels.

The Candidate will...

- be dynamic with the intellectual vigour to drive and manage change in complex business environments.
- have broad capital markets settlements experience (preferably in a Fixed Income and Interest Rate Derivatives environment) gained from either an operations' or IT systems' perspective.
- possess strong project management skills.
- be highly IT literate and aware of the latest trends in front-, middle-, and back-office systems.
- have excellent man-management and communication skills.
- be focused, achievement-oriented and actively seeking early rewards and additional responsibility.

For further information, contact Georgina Collenette, quoting reference GCFT01, on 0171 247 7444. Alternatively, send your CV to McGregor Boyall Associates, 114 Middlesex Street, London E1 7JH. Fax: 0171 247 7475. email: gcollenette@mcgregor-boyall.co.uk

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Business & Technology Selection for Financial Markets

INFORMATION TECHNOLOGY AUDITOR

£45,000 + BANKING BENEFITS — LONDON

BANK GESELLSCHAFT BERLIN

On January 1 1994, three of Berlin's leading banks linked to form Bankgesellschaft Berlin. With assets in excess of $159 billion we are committed to becoming a new force in international investment banking. We have embarked upon a major programme of growth in London where business activities include Money Markets, Foreign Exchange, Fixed Income, Repos and Securities lending, as well as Syndication and Asset backed lending. Integral to our growth and success will be the implementation of new, state-of-the-art IT systems which will drive our businesses forward. We are now seeking to appoint a young, ambitious IT auditor to play an essential role in shaping the business impact of IT.

The Role is...

- To join a high profile auditing & compliance team providing value-added auditing to the London operations of a young, fast-growing and ambitious investment bank.
- To play a major role in shaping the IT business infrastructure of a state-of-the-art, greenfield site.
- To enhance the Bank's performance by bringing vision and creative solutions to complex problems.
- To develop a robust IT and communications systems auditing strategy.
- To put in place resilient systems auditing methodologies, tools and programmes.
- To perform audits at pre-implementation, implementation and post-implementation stages during a period of rapid IT expansion.

The IT Environment comprises...

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You will be...

- A young (25-30), ambitious IT professional with systems auditing experience, preferably gained in an international investment/wholesale banking environment.
- Educated to degree equivalent, possibly with a formal accounting (ACA, ACCA) qualification.
- Business focused and capable of differentiating the essential from the incidental.
- A change agent with effective, persuasive communication skills.
- Flexible, resourceful and comfortable working in a rapidly changing, greenfield site with minimum supervision.
- Looking for a demanding role which will give you the independence to shape your career and impact directly on business performance.
- Experienced in a number of the IT products and packages outlined above.

For further information, contact Kevin Davey, quoting reference BGFT01, on 0171 247 7444. Alternatively, send your CV to McGregor Boyall Associates, 114 Middlesex Street, London E1 7JH. Fax: 0171 247 7475. email: kdavey@mcgregor-boyall.co.uk

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A MAJOR NEW INTERNATIONAL INVESTMENT BANK INITIATIVE

IT MANAGER

CITY

The Northern Trust Company is a leading Global Custodian. Our reputation has been built upon commitment to providing outstanding customer service, recruiting and developing high calibre individuals and investing in the technology essential to remaining at the forefront of this competitive industry. We are now seeking to hire a manager to lead our Business Systems Division in the UK.

The successful candidate will have responsibility for co-ordinating and overseeing multiple application systems and will provide the appropriate support for information systems in the London Branch. They will also be responsible for defining the systems requirements of the London office and will work closely with development professionals in head office to manage implementations. Additionally, they will manage the activities of the network management team.

Whilst it is desirable that candidates should have an IT background, this is secondary to strong project management skills and the ability to work with and influence business and systems professionals throughout the organisation. The successful candidate may have a business systems background or be a business manager with a strong technical orientation. A proven track record of developing technological solutions to meet business needs and experience of custody or securities markets in general is essential.

In return, the organisation will offer a competitive compensation package and excellent career opportunities.

Please write with your CV to: Nuala Hadden, Human Resources Department, The Northern Trust Company, 155 Bishopsgate, London EC2M 3XS.

THE NORTHERN TRUST COMPANY

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

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OPTIMA CONNECTIONS — banking

EXOTICS: 'C', NT, SQL
City — To £90,000 Package

This elite team of developers reporting directly to the business, are replacing two team members who have moved across to trading. The positions involve pricing, development of models and risk management. A good first degree is required together with 'C' programming and IR Derivatives experience.

QUANTITATIVE ANALYST
City — £50,000 Bonus + Bens

A successful and ambitious hybrid Quant/Developer is required to assume responsibility for the design and development of Fixed Income applications. Working closely with the Head Trader you will have a sound knowledge of Mathematical Modelling techniques as well as C++, VB/Excel or Access. Experience of Arbitrage and an excellent academic record are prerequisite.

FX OPTIONS: 'C' & UNIX
City — To £50,000 + Bens

The Interest Rate Derivatives group of this major Investment House are currently looking for a C/UNIX developer. The successful candidate will be solely responsible to the FX Options desk for all development and day to day support of Pricing and Risk Management systems.

RESEARCH HYBRID
City — To £40,000 + Bonus + Bens

Leading Exotic Options research group have a new hybrid role for a mathematician with a solid technical background to provide both practical and creative solutions for the business. Candidates require a mathematically biased education preferably to PhD level with at least 1 year's 'C' and/or VB.

BONDS: C++, UNIX & NT
City — To £60,000 + Bens

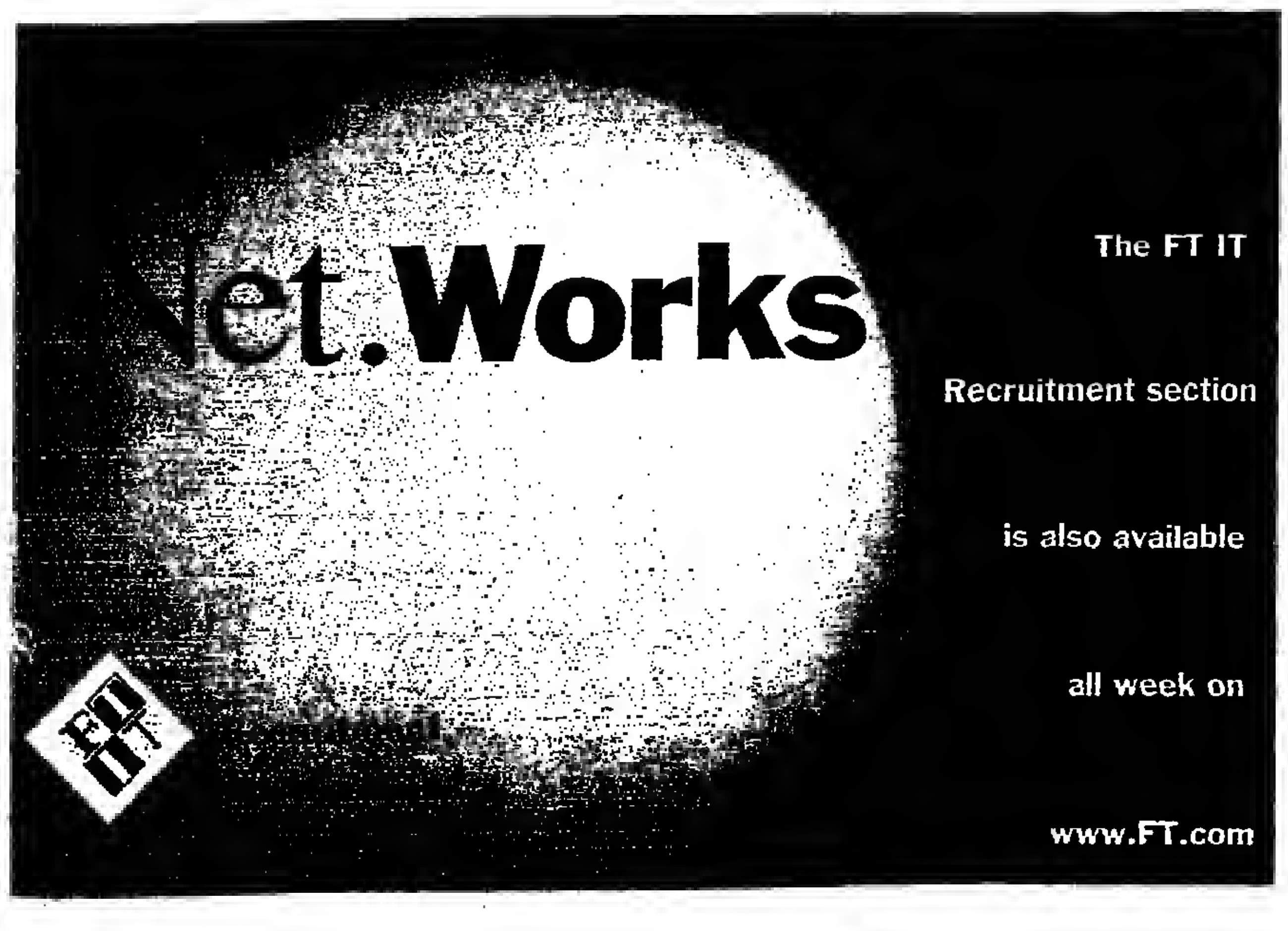
The research team within a leading Fixed Income group urgently require a highly qualified individual with current experience of Bonds and quantitative analytical techniques. Programming skills in 'C' or Visual C++ are essential, all future developments will be carried out on NT.

JUNIOR QUANTITATIVE ENGINEER
City — £30-45,000 + Bens

Our client, an international investment bank has opportunities for highly educated individuals with strong C++ skills together with UNIX and financial markets experience. The successful candidate will be researching, developing and implementing trading strategies. A First Class degree in a mathematical discipline is prerequisite.

For more information on these and other opportunities currently available please contact

Optima Connections Limited No.4 Bath Street, London EC1V 9DX
Tel: 0171 608 0990 (24hr answering service) Fax: 0171 608 1205
E-Mail: optima.connections@dial.pipex.com



FINANCIAL FUTURES

HEAD OF IT - LEASING SYSTEMS — TO £50,000

Reporting to the MD of this Multi-National Leasing Company specialising in the Leasing of large mainframe and data storage systems. An extensive knowledge of the Leasing industry and experience of implementing systems in a "live" environment will be required. This role will ideally suit someone from a Project Management background who is used to dealing with external suppliers as well as internal users.

PROJECT DEVELOPMENT MANAGER — TO £40,000

We are seeking a graduate who has gained several years experience in IT within the financial services industry. They will be responsible for a project team dedicated to design and support application systems in both front and back offices. Familiarity with one or more of the following would also be needed - Excel, C, C++, or Visual C++ within a PC environment.

INFORMATION RESOURCES AUDIT CONSULTANT — TO £40,000

To develop IR tactics, solutions and controls across all business practices/processes within environments such as Finance, Manufacturing, Marketing and R&D. This will require good systems experience in either a consulting or development capacity. An in depth knowledge of JDE as an application and a CISA certification would be highly desirable.

BUSINESS ANALYST - EQUITY SETTLEMENTS — TO £30,000

This role will involve all aspects of liaison between Settlement staff and Technical Developers. Responsible for user acceptance testing, training and support of a specialised system dedicated to the Equities business. Essential skills are a thorough understanding of the Equities industry and a knowledge of PC (Windows) technology.

Please contact Andrew Pike or Stephen Isaac.

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information technology

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